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# City of Riverview, Michigan

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**Financial Report  
with Supplemental Information  
June 30, 2017**

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## **Independent Auditor's Report**

To the City Council  
City of Riverview, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Riverview, Michigan (the "City") as of and for the year ended June 30, 2017 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 opinion.

### ***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 unit, each major fund, and the aggregate remaining fund information of the City of Riverview, Michigan as of June 30, 2017 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Riverview, Michigan

**Other Matters**

*Required Supplemental Information*

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

*Other Information*

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

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



December 20, 2017

### Overview of the Financial Statements

The City of Riverview, Michigan's (the "City") 2017 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2016. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

### Government-wide Statements

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

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

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

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

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

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

### Fund Financial Statements

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

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

**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.

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**Management's Discussion and Analysis (Continued)**

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**Financial Highlights**

The financial report for the year ended June 30, 2017 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 \$50,665,480 (net position), a decrease of \$1,954,114 from the previous year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, for the City as a whole stands at a deficit of \$18,526,936.

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

The General Fund (combined basis) reported expenditures in excess of revenue (excluding other financing sources and uses) of \$1,958,670. The Land Preserve Fund transferred \$2,289,005 to the General Fund (combined basis) and the General Fund transferred \$100,000 to other funds. The resulting impact is an increase in the General Fund (combined basis) fund balance to \$1,512,899. Of this amount, \$248,461 or 1.6 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 \$50.7 million at June 30, 2017. Business-type activities make up \$39.7 million and governmental activities make up \$11 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2017 and compared to the prior year:

|                                       | Governmental Activities |                | Business-type Activities |                | Total          |                |
|---------------------------------------|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
|                                       | 2017                    | 2016           | 2017                     | 2016           | 2017           | 2016           |
| <b>Assets</b>                         |                         |                |                          |                |                |                |
| Current assets                        | \$ 6.5                  | \$ 5.8         | \$ 9.2                   | \$ 8.2         | \$ 15.7        | \$ 14.0        |
| Noncurrent assets                     | 31.3                    | 32.8           | 85.1                     | 85.8           | 116.4          | 118.6          |
| Total assets                          | <u>37.8</u>             | <u>38.6</u>    | <u>94.3</u>              | <u>94.0</u>    | <u>132.1</u>   | <u>132.6</u>   |
| <b>Deferred Outflows of Resources</b> | 0.8                     | 1.5            | 0.4                      | 0.7            | 1.2            | 2.2            |
| <b>Liabilities</b>                    |                         |                |                          |                |                |                |
| Current liabilities                   | 1.9                     | 2.9            | 3.6                      | 3.7            | 5.5            | 6.6            |
| Long-term liabilities                 | <u>25.5</u>             | <u>25.4</u>    | <u>51.3</u>              | <u>49.8</u>    | <u>76.8</u>    | <u>75.2</u>    |
| Total liabilities                     | 27.4                    | 28.3           | 54.9                     | 53.5           | 82.3           | 81.8           |
| <b>Deferred Inflows of Resources</b>  | <u>0.2</u>              | <u>0.3</u>     | <u>0.1</u>               | <u>0.1</u>     | <u>0.3</u>     | <u>0.4</u>     |
| <b>Net Position</b>                   |                         |                |                          |                |                |                |
| Net investment in capital assests     | 23.7                    | 24.5           | 42.9                     | 36.6           | 66.6           | 61.1           |
| Restricted                            | 1.7                     | 1.5            | 0.9                      | 8.3            | 2.6            | 9.8            |
| Unrestricted                          | <u>(14.4)</u>           | <u>(14.5)</u>  | <u>(4.1)</u>             | <u>(3.8)</u>   | <u>(18.5)</u>  | <u>(18.3)</u>  |
| Total net position                    | <u>\$ 11.0</u>          | <u>\$ 11.5</u> | <u>\$ 39.7</u>           | <u>\$ 41.1</u> | <u>\$ 50.7</u> | <u>\$ 52.6</u> |

As noted earlier, the City's assets and deferred outflows exceed its liabilities and deferred inflows at the end of the fiscal year by \$50.7 million (net position). However, a significant portion of the City's net position represents its investment in capital assets (e.g., land, roads, infrastructure, buildings, and equipment), less any related debt used to acquire or construct these assets. The City uses these assets in providing services to its citizens; thus, these assets are not available for future spending.

Total assets have decreased by approximately \$0.5 million from the prior year while current liabilities have decreased by \$1.1 million and long-term liabilities have increased by \$1.6 million.

## City of Riverview, Michigan

# Management's Discussion and Analysis (Continued)

|   | Governmental Activities |                | Business-type Activities |                | Total          |                |
|---|-------------------------|----------------|--------------------------|----------------|----------------|----------------|
|   | 2017                    | 2016           | 2017                     | 2016           | 2017           | 2016           |
| <b>Revenue</b>                          |                         |                |                          |                |                |                |
| Program revenue:                        |                         |                |                          |                |                |                |
| Charges for services                    | \$ 1.3                  | \$ 0.9         | \$ 18.1                  | \$ 19.0        | \$ 19.4        | \$ 19.9        |
| Operating grants                        | 1.1                     | 1.0            | -                        | -              | 1.1            | 1.0            |
| Capital grants                          | 0.1                     | -              | 0.5                      | 0.4            | 0.6            | 0.4            |
| General revenue:                        |                         |                |                          |                |                |                |
| Property taxes                          | 5.9                     | 5.2            | 0.5                      | 0.6            | 6.4            | 5.8            |
| State-shared revenue                    | 1.3                     | 1.2            | -                        | -              | 1.3            | 1.2            |
| Cable, franchise, and right-of-way fees | 0.4                     | 0.4            | -                        | -              | 0.4            | 0.4            |
| Investment earnings                     | -                       | -              | (0.5)                    | 1.5            | (0.5)          | 1.5            |
| Other revenue                           | 0.2                     | 0.3            | -                        | -              | 0.2            | 0.3            |
| Gain on sale of capital assets          | -                       | -              | 0.1                      | 0.1            | 0.1            | 0.1            |
| Transfers                               | 2.8                     | 0.4            | (2.8)                    | (0.4)          | -              | -              |
| Total revenue                           | 13.1                    | 9.4            | 15.9                     | 21.2           | 29.0           | 30.6           |
| <b>Program Expenses</b>                 |                         |                |                          |                |                |                |
| General government                      | 2.4                     | 2.6            | -                        | -              | 2.4            | 2.6            |
| Public safety                           | 6.7                     | 6.6            | -                        | -              | 6.7            | 6.6            |
| Public works                            | 2.6                     | 2.3            | -                        | -              | 2.6            | 2.3            |
| Community and economic development      | 0.7                     | 0.3            | -                        | -              | 0.7            | 0.3            |
| Recreation and cultural                 | 1.0                     | 1.0            | -                        | -              | 1.0            | 1.0            |
| Interest on long-term debt              | 0.2                     | 0.2            | -                        | -              | 0.2            | 0.2            |
| Water and sewer                         | -                       | -              | 4.5                      | 5.8            | 4.5            | 5.8            |
| Land preserve                           | -                       | -              | 11.3                     | 10.4           | 11.3           | 10.4           |
| Golf course                             | -                       | -              | 1.3                      | 1.2            | 1.3            | 1.2            |
| Golf practice                           | -                       | -              | 0.2                      | 0.2            | 0.2            | 0.2            |
| Total program expenses                  | 13.6                    | 13.0           | 17.3                     | 17.6           | 30.9           | 30.6           |
| <b>Change in Net Position</b>           | (0.5)                   | (3.6)          | (1.4)                    | 3.6            | (1.9)          | -              |
| <b>Net Position - Beginning of year</b> | 11.5                    | 15.1           | 41.1                     | 37.5           | 52.6           | 52.6           |
| <b>Net Position - End of year</b>       | <b>\$ 11.0</b>          | <b>\$ 11.5</b> | <b>\$ 39.7</b>           | <b>\$ 41.1</b> | <b>\$ 50.7</b> | <b>\$ 52.6</b> |

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

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

Land preserve expenses have increased \$0.9 million compared to last year, primarily due to increased closure costs.

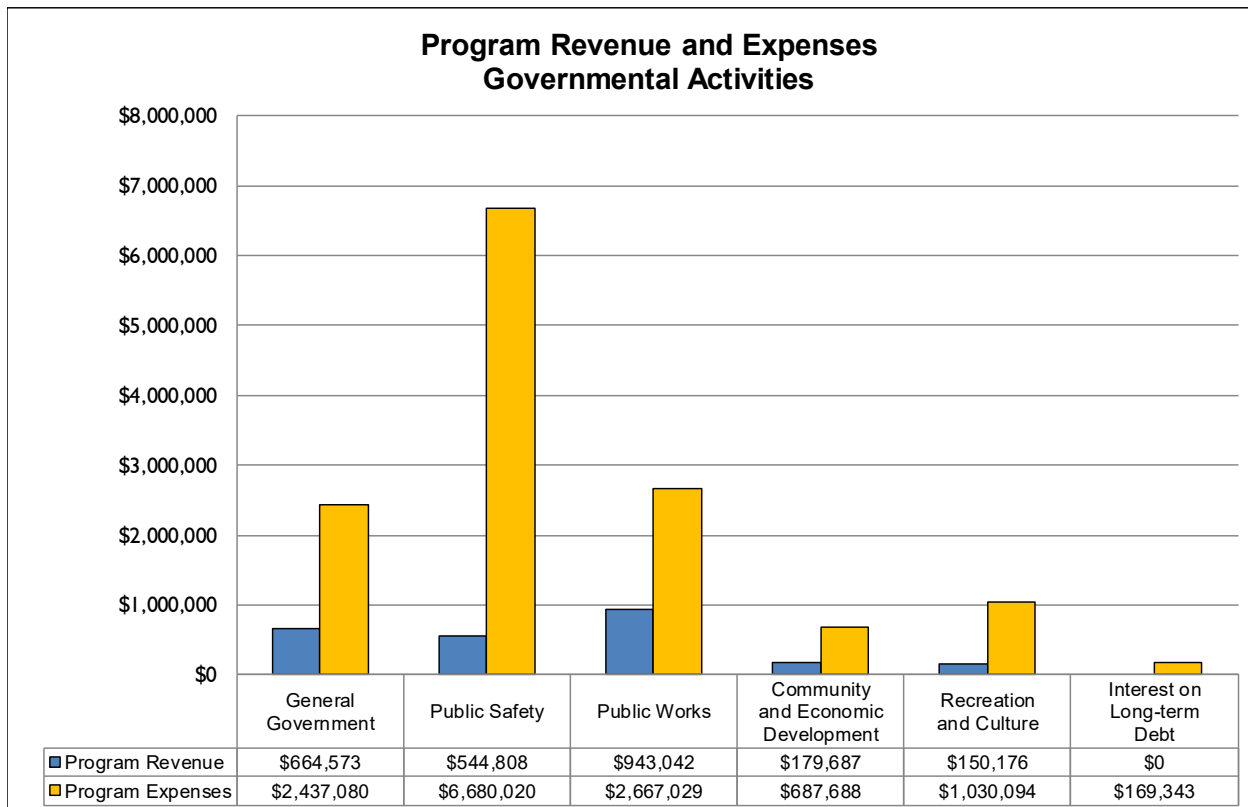


## City of Riverview, Michigan

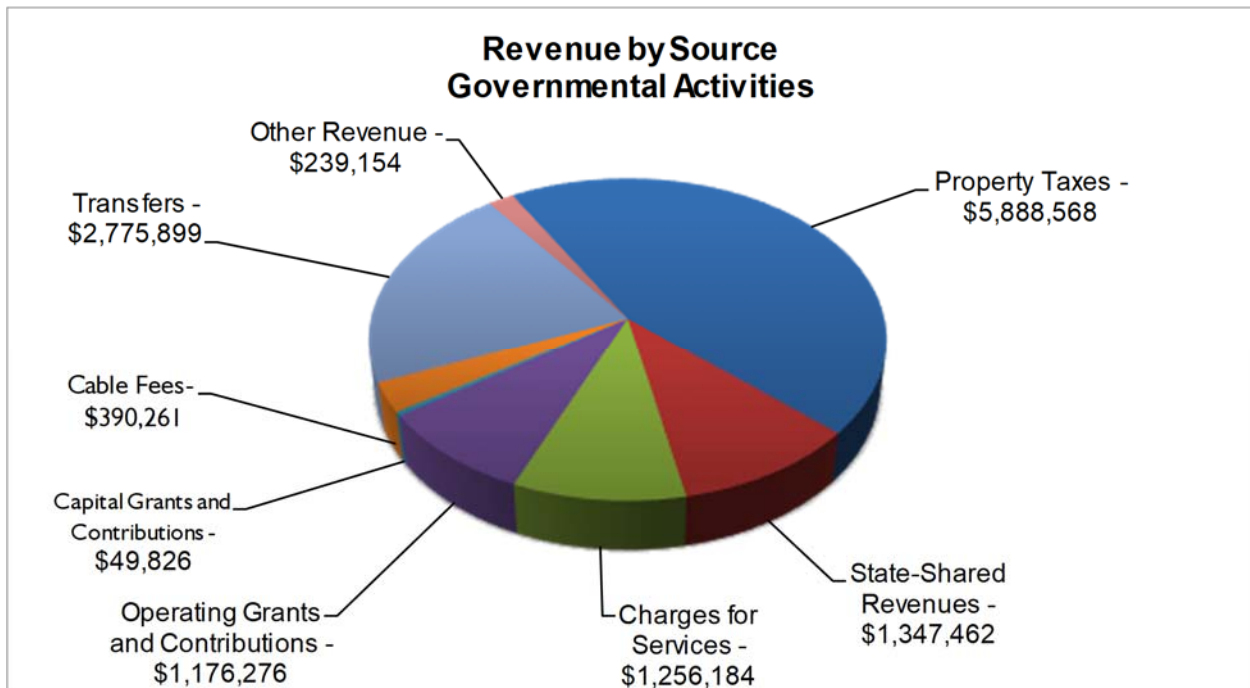
# Management's Discussion and Analysis (Continued)

### Governmental Activities

For the year ended June 30, 2017, revenue for the City's governmental activities totaled \$13.1 million, an increase of \$3.7 million from 2016. Property taxes increased slightly, while operating transfers from enterprise funds increased by \$2.4 million from 2016. State-shared revenue remained relatively flat at \$1.3 million. This revenue continues to be a concern as to future funding levels as the State of Michigan revises its method of distributing funds to the municipalities and looks for ways to fund other priorities such as transportation funding.



Management's Discussion and Analysis (Continued)

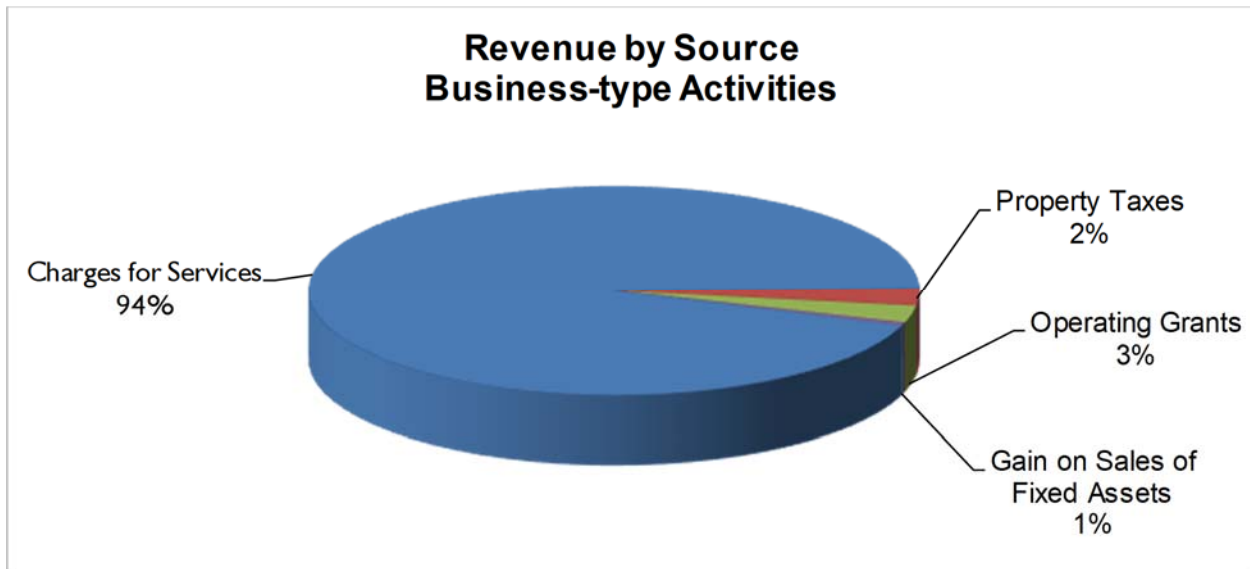
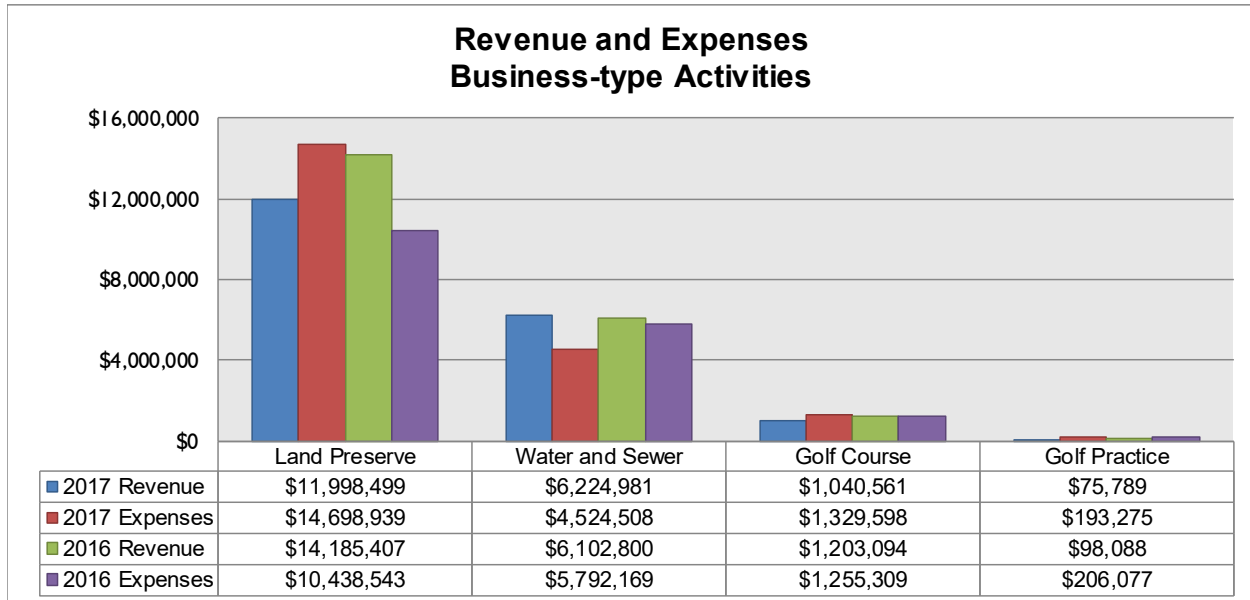


**Business-type Activities**

The City has four business-type activities: the water and sewer system, the golf course, the golf practice facility, and the land preserve. In total, these four activities generated \$18.0 million in charges for services and incurred \$20.1 million in expenses and transfers out in 2017, compared to \$19.0 million in charges for services and \$18 million in expenses and transfers out for 2016. The business-type activities net position decreased \$1.4 million to \$39.7 million in 2017.

In addition, general revenue for business-type activities was approximately \$0.2 million in 2017, compared to \$2.1 million in 2016. Investment income/loss went from \$1.5 million income in 2016 to \$0.5 million loss in 2017; this was primarily due to a slight decreases in market values on long-term investments at the land preserve. Property tax revenue was \$0.5 million for 2017, compared to \$0.6 million in 2016; these property taxes are used to make payments on debt incurred for the sewer system improvements and decreased due to a reduction in debt service payments to be made.

Management’s Discussion and Analysis (Continued)



At the end of fiscal year 2017, the City has \$193 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 \$7.3 million, related to the construction and acquisition of the above-mentioned capital assets is reported as a liability in the governmental activities in the statement of net position.

Debt related to the water and sewer system and land preserve totaling \$6.5 million is recorded as a liability in the business-type activities in the statement of net position. This debt represents improvements at the Wyandotte wastewater treatment plant that were mandated by a federal consent decree.

# Management's Discussion and Analysis (Continued)

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Long-term debt obligations for the land preserve totaling \$1.2 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 2017 include the General Fund (combined basis) and the Major and Local Streets Funds.

The City's governmental funds reported a combined fund balance of \$3.7 million for this year, an increase of \$0.2 million over 2016.

The Major Streets Fund fund balance decreased by \$5,134 and the Local Streets Fund fund balance increased by \$56,004. The two funds spent a combined \$1.2 million in 2017. The Local Street Funds received a transfer of debt proceeds from the Street and Water Main Repair Fund of \$0.2 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 \$169,000, primarily due to an increase in the reimbursement from the Local Community Stabilization Authority for lost personal property tax revenue. Actual revenue was approximately \$82,000 below the final budget amounts; this was primarily due lower than expected licenses and permit revenue.

Expenditures increased from the original budget to the final budget by approximately \$320,000, spread across several activities. Actual expenses were approximately \$1.1 million below the final budget, primarily due to lower staffing than was budgeted due to open positions.

### **Current Economic Conditions**

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

### **Contacting the City's Financial Management**

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

June 30, 2017

|  | Primary Government      |                          |                      | Component Unit                   |
|--|-------------------------|--------------------------|----------------------|----------------------------------|
|  | Governmental Activities | Business-type Activities | Total                | Economic Development Corporation |
| <b>Assets</b>  |                         |                          |                      |                                  |
| Cash and investments (Note 3)                            | \$ 3,937,657            | \$ 7,717,483             | \$ 11,655,140        | \$ 13,137                        |
| Receivables:   |                         |                          |                      |                                  |
| Property taxes receivable                                | 905                     | -                        | 905                  | -                                |
| Customer sales   | -                       | 2,675,879                | 2,675,879            | -                                |
| Other receivables  | 293,554                 | 11,182                   | 304,736              | -                                |
| Due from other governments                               | 595,526                 | -                        | 595,526              | -                                |
| Internal balances  | 1,344,486               | (1,344,486)              | -                    | -                                |
| Inventory  | -                       | 19,622                   | 19,622               | -                                |
| Prepaid expenses and other assets                        | 121,452                 | 129,079                  | 250,531              | -                                |
| Deposits   | 251,867                 | -                        | 251,867              | -                                |
| Restricted assets (Note 5)                               | 225,100                 | 35,244,420               | 35,469,520           | -                                |
| Investment in joint ventures (Note 14)                   | -                       | 142,435                  | 142,435              | -                                |
| Capital assets: (Note 6)                                 |                         |                          |                      |                                  |
| Assets not subject to depreciation                       | 18,480,674              | 13,527,141               | 32,007,815           | -                                |
| Assets subject to depreciation                           | 12,496,319              | 36,159,289               | 48,655,608           | -                                |
| Total assets   | 37,747,540              | 94,282,044               | 132,029,584          | 13,137                           |
| <b>Deferred Outflows of Resources -</b>                  |                         |                          |                      |                                  |
| Pension (Note 10)  | 820,435                 | 347,442                  | 1,167,877            | -                                |
| <b>Liabilities</b>                                       |                         |                          |                      |                                  |
| Accounts payable   | 1,192,674               | 3,454,341                | 4,647,015            | -                                |
| Accrued liabilities and other                            | 667,635                 | 134,672                  | 802,307              | -                                |
| Noncurrent liabilities:                                  |                         |                          |                      |                                  |
| Due within one year:                                     |                         |                          |                      |                                  |
| Accounts payable from restricted assets                  | -                       | 1,010,371                | 1,010,371            | -                                |
| Provision for claims (Note 9)                            | 130,853                 | -                        | 130,853              | -                                |
| Current portion of long-term debt (Note 7)               | 808,869                 | 1,486,516                | 2,295,385            | -                                |
| Due in more than one year:                               |                         |                          |                      |                                  |
| Compensated absences (Note 7)                            | 509,495                 | 4,623                    | 514,118              | -                                |
| Landfill closure and postclosure (Note 5)                | -                       | 34,327,909               | 34,327,909           | -                                |
| Net pension liability (Note 10)                          | 4,303,974               | 1,822,669                | 6,126,643            | -                                |
| Net OPEB obligation (Note 11)                            | 13,026,507              | 7,290,414                | 20,316,921           | -                                |
| Long-term debt (Note 7)                                  | 6,732,093               | 5,334,311                | 12,066,404           | -                                |
| Total liabilities  | 27,372,100              | 54,865,826               | 82,237,926           | -                                |
| <b>Deferred Inflows of Resources - Pension (Note 10)</b> | 206,574                 | 87,481                   | 294,055              | -                                |
| <b>Net Position</b>                                      |                         |                          |                      |                                  |
| Net investment in capital assets                         | 23,661,131              | 42,865,603               | 66,526,734           | -                                |
| Restricted:  |                         |                          |                      |                                  |
| Streets  | 1,173,972               | -                        | 1,173,972            | -                                |
| Community development                                    | 109,926                 | -                        | 109,926              | -                                |
| Drug forfeiture  | 412,028                 | -                        | 412,028              | -                                |
| Water and sewer debt service                             | -                       | 942,262                  | 942,262              | -                                |
| Debt service   | 27,494                  | -                        | 27,494               | -                                |
| Unrestricted   | (14,395,250)            | (4,131,686)              | (18,526,936)         | 13,137                           |
| Total net position                                       | <u>\$ 10,989,301</u>    | <u>\$ 39,676,179</u>     | <u>\$ 50,665,480</u> | <u>\$ 13,137</u>                 |

# City of Riverview, Michigan

| Functions/Programs                 | Program Revenue      |                      |                                    |                                  |
|------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                    | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government:                |                      |                      |                                    |                                  |
| Governmental activities:           |                      |                      |                                    |                                  |
| General government                 | \$ 2,437,081         | \$ 664,573           | \$ -                               | \$ -                             |
| Public safety                      | 6,680,020            | 421,176              | 106,537                            | 17,095                           |
| Public works                       | 2,667,029            | 66,454               | 843,857                            | 32,731                           |
| Community and economic development | 687,688              | 9,338                | 170,349                            | -                                |
| Recreation and culture             | 1,030,093            | 94,643               | 55,533                             | -                                |
| Interest on long-term debt         | 169,343              | -                    | -                                  | -                                |
| Total governmental activities      | 13,671,254           | 1,256,184            | 1,176,276                          | 49,826                           |
| Business-type activities:          |                      |                      |                                    |                                  |
| Water and Sewer                    | 4,524,508            | 5,038,024            | 522,765                            | -                                |
| Land Preserve                      | 11,329,309           | 11,898,499           | -                                  | -                                |
| Golf Course                        | 1,324,657            | 1,040,561            | -                                  | -                                |
| Golf Practice                      | 193,237              | 75,789               | -                                  | -                                |
| Total business-type activities     | 17,371,711           | 18,052,873           | 522,765                            | -                                |
| Total primary government           | <b>\$ 31,042,965</b> | <b>\$ 19,309,057</b> | <b>\$ 1,699,041</b>                | <b>\$ 49,826</b>                 |

General revenue:  
 Property taxes  
 Unrestricted state-shared revenue  
 Unrestricted investment (loss) income  
 Cable franchise fees  
 (Loss) gain on sale of capital assets  
 Other miscellaneous income

Total general revenue

### Transfers

### Change in Net Position

**Net Position** - Beginning of year

**Net Position** - End of year

## Statement of Activities

Year Ended June 30, 2017

| Net (Expense) Revenue and Changes in Net Position |                             |                             |                         |
|---|-----------------------------|-----------------------------|-------------------------|
| Primary Government                                |                             |                             |                         |
| Governmental<br>Activities                        | Business-type<br>Activities | Total                       | Component<br>Unit       |
| \$ (1,772,508)                                    | \$ -                        | \$ (1,772,508)              | \$ -                    |
| (6,135,212)                                       | -                           | (6,135,212)                 | -                       |
| (1,723,987)                                       | -                           | (1,723,987)                 | -                       |
| (508,001)   | -                           | (508,001)                   | -                       |
| (879,917)   | -                           | (879,917)                   | -                       |
| (169,343)   | -                           | (169,343)                   | -                       |
| (11,188,968)                                      | -                           | (11,188,968)                | -                       |
| -   | 1,036,281                   | 1,036,281                   | -                       |
| -   | 569,190                     | 569,190                     | -                       |
| -   | (284,096)                   | (284,096)                   | -                       |
| -   | (117,448)                   | (117,448)                   | -                       |
| -   | 1,203,927                   | 1,203,927                   | -                       |
| (11,188,968)                                      | 1,203,927                   | (9,985,041)                 | -                       |
| 5,888,568   | 516,633                     | 6,405,201                   | -                       |
| 1,347,462   | -                           | 1,347,462                   | -                       |
| (13,029)  | (453,197)                   | (466,226)                   | (218)                   |
| 390,261   | -                           | 390,261                     | -                       |
| (6,841)   | 102,046                     | 95,205                      | -                       |
| 259,024   | -                           | 259,024                     | -                       |
| 7,865,445   | 165,482                     | 8,030,927                   | (218)                   |
| 2,775,899   | (2,775,899)                 | -                           | -                       |
| (547,624)   | (1,406,490)                 | (1,954,114)                 | (218)                   |
| 11,536,925  | 41,082,669                  | 52,619,594                  | 13,355                  |
| <b><u>\$ 10,989,301</u></b>                       | <b><u>\$ 39,676,179</u></b> | <b><u>\$ 50,665,480</u></b> | <b><u>\$ 13,137</u></b> |

# City of Riverview, Michigan

## Governmental Funds Balance Sheet

June 30, 2017

|  | General Fund        | Major Streets Fund | Local Streets Fund | Nonmajor Funds      | Total Governmental Funds |
|--|---------------------|--------------------|--------------------|---------------------|--------------------------|
| <b>Assets</b>  |                     |                    |                    |                     |                          |
| Cash and investments (Note 3)  | \$ 1,720,228        | \$ 327,396         | \$ 896,087         | \$ 630,068          | \$ 3,573,779             |
| Receivables:   |                     |                    |                    |                     |                          |
| Property taxes receivable  | -                   | -                  | 373                | 532                 | 905                      |
| Other receivables  | 293,319             | -                  | 235                | -                   | 293,554                  |
| Due from other governments   | 291,625             | 108,480            | 47,133             | 148,288             | 595,526                  |
| Due from other funds (Note 4)  | 311,748             | -                  | -                  | 490,638             | 802,386                  |
| Advances to other funds (Note 4)   | 870,782             | -                  | -                  | -                   | 870,782                  |
| Prepaid expenses and other assets  | 74,493              | -                  | -                  | 215                 | 74,708                   |
| Restricted assets  | -                   | -                  | -                  | 225,100             | 225,100                  |
| <b>Total assets</b>  | <b>\$ 3,562,195</b> | <b>\$ 435,876</b>  | <b>\$ 943,828</b>  | <b>\$ 1,494,841</b> | <b>\$ 6,436,740</b>      |
| <b>Liabilities</b>   |                     |                    |                    |                     |                          |
| Accounts payable   | \$ 854,830          | \$ 3,859           | \$ 201,783         | \$ 79,954           | \$ 1,140,426             |
| Due to other funds (Note 4)  | 560,060             | -                  | -                  | 345,039             | 905,099                  |
| Accrued liabilities and other  | 634,406             | -                  | 90                 | -                   | 634,496                  |
| <b>Total liabilities</b>   | <b>2,049,296</b>    | <b>3,859</b>       | <b>201,873</b>     | <b>424,993</b>      | <b>2,680,021</b>         |
| <b>Deferred Inflows of Resources - Unavailable revenue</b>                 |                     |                    |                    |                     |                          |
|  | -                   | -                  | -                  | 102,839             | 102,839                  |
| <b>Total liabilities and deferred inflows of resources</b>                 | <b>2,049,296</b>    | <b>3,859</b>       | <b>201,873</b>     | <b>527,832</b>      | <b>2,782,860</b>         |
| <b>Fund Balances</b>   |                     |                    |                    |                     |                          |
| Nonspendable:  |                     |                    |                    |                     |                          |
| Prepays  | 74,493              | -                  | -                  | 215                 | 74,708                   |
| Advances to funds  | 870,782             | -                  | -                  | -                   | 870,782                  |
| Restricted:  |                     |                    |                    |                     |                          |
| Streets  | -                   | 432,017            | 741,955            | -                   | 1,173,972                |
| Police   | -                   | -                  | -                  | 411,813             | 411,813                  |
| Debt service   | -                   | -                  | -                  | 27,494              | 27,494                   |
| Capital projects   | -                   | -                  | -                  | 225,100             | 225,100                  |
| CDBG   | -                   | -                  | -                  | 7,087               | 7,087                    |
| Assigned:  |                     |                    |                    |                     |                          |
| Cable  | 206,617             | -                  | -                  | -                   | 206,617                  |
| Library  | 47,932              | -                  | -                  | -                   | 47,932                   |
| Debt service   | -                   | -                  | -                  | 125,646             | 125,646                  |
| Capital projects   | -                   | -                  | -                  | 169,654             | 169,654                  |
| Rubbish  | 64,614              | -                  | -                  | -                   | 64,614                   |
| Unassigned   | 248,461             | -                  | -                  | -                   | 248,461                  |
| <b>Total fund balances</b>   | <b>1,512,899</b>    | <b>432,017</b>     | <b>741,955</b>     | <b>967,009</b>      | <b>3,653,880</b>         |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 3,562,195</b> | <b>\$ 435,876</b>  | <b>\$ 943,828</b>  | <b>\$ 1,494,841</b> | <b>\$ 6,436,740</b>      |



**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2017**

|  |                      |
|--|----------------------|
| <b>Fund Balances Reported in Governmental Funds</b>  | <b>\$ 3,653,880</b>  |
| 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   | 30,976,993           |
| 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                | 102,839              |
| Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds  | (7,540,962)          |
| Accrued interest is not due and payable in the current period and is not reported in the funds   | (33,139)             |
| 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 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  | (509,495)            |
| Net pension liabilities and related deferred inflows and outflows are not due and payable in the current period and are not reported in the funds  | (3,690,113)          |
| The net OPEB obligation is not due and payable in the current period and is not reported in the funds  | (13,026,507)         |
| Internal service funds are included as part of governmental activities   | 1,055,805            |
| <b>Net Position of Governmental Activities</b>   | <b>\$ 10,989,301</b> |

**City of Riverview, Michigan**

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

**Year Ended June 30, 2017**

|  | General Fund        | Major Streets<br>Fund | Local Streets<br>Fund | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|-----------------------|-----------------------|-------------------|--------------------------------|
| <b>Revenue</b>                                     |                     |                       |                       |                   |                                |
| Property taxes                                     | \$ 4,844,586        | \$ -                  | \$ 224,337            | \$ 819,645        | \$ 5,888,568                   |
| State and federal sources:                         |                     |                       |                       |                   |                                |
| Federal grants                                     | -                   | -                     | -                     | 192,672           | 192,672                        |
| State sources                                      | 1,457,922           | 560,794               | 290,239               | 71,937            | 2,380,892                      |
| Charges for services                               | 515,098             | -                     | -                     | -                 | 515,098                        |
| Fines and forfeitures                              | 103,000             | -                     | -                     | -                 | 103,000                        |
| Licenses and permits:                              |                     |                       |                       |                   |                                |
| Cable franchise fees                               | 390,261             | -                     | -                     | -                 | 390,261                        |
| Other licenses and permits                         | 266,428             | -                     | -                     | -                 | 266,428                        |
| Investment loss                                    | (11,413)            | (2)                   | (14)                  | (297)             | (11,726)                       |
| Other revenue                                      | 244,432             | -                     | -                     | 1,200             | 245,632                        |
| <b>Total revenue</b>                               | <b>7,810,314</b>    | <b>560,792</b>        | <b>514,562</b>        | <b>1,085,157</b>  | <b>9,970,825</b>               |
| <b>Expenditures</b>                                |                     |                       |                       |                   |                                |
| Current services:                                  |                     |                       |                       |                   |                                |
| General government                                 | 1,562,672           | -                     | -                     | -                 | 1,562,672                      |
| Public safety                                      | 5,411,797           | -                     | -                     | 76,646            | 5,488,443                      |
| Public works                                       | 1,664,573           | 285,529               | 938,242               | -                 | 2,888,344                      |
| Community and economic development                 | 187,967             | -                     | -                     | 109,955           | 297,922                        |
| Recreation and culture                             | 941,975             | -                     | -                     | -                 | 941,975                        |
| Capital outlay                                     | -                   | -                     | -                     | 441,892           | 441,892                        |
| Debt service                                       | -                   | -                     | -                     | 927,209           | 927,209                        |
| <b>Total expenditures</b>                          | <b>9,768,984</b>    | <b>285,529</b>        | <b>938,242</b>        | <b>1,555,702</b>  | <b>12,548,457</b>              |
| <b>Excess of Revenue (Under) Over Expenditures</b> | <b>(1,958,670)</b>  | <b>275,263</b>        | <b>(423,680)</b>      | <b>(470,545)</b>  | <b>(2,577,632)</b>             |
| <b>Other Financing Sources (Uses)</b>              |                     |                       |                       |                   |                                |
| Transfers in                                       | 2,289,005           | -                     | 479,684               | 640,681           | 3,409,370                      |
| Transfers out                                      | (100,000)           | (280,397)             | -                     | (253,074)         | (633,471)                      |
| <b>Total other financing sources (uses)</b>        | <b>2,189,005</b>    | <b>(280,397)</b>      | <b>479,684</b>        | <b>387,607</b>    | <b>2,775,899</b>               |
| <b>Net Change in Fund Balances</b>                 | <b>230,335</b>      | <b>(5,134)</b>        | <b>56,004</b>         | <b>(82,938)</b>   | <b>198,267</b>                 |
| <b>Fund Balances - Beginning of year</b>           | <b>1,282,564</b>    | <b>437,151</b>        | <b>685,951</b>        | <b>1,049,947</b>  | <b>3,455,613</b>               |
| <b>Fund Balances - End of year</b>                 | <b>\$ 1,512,899</b> | <b>\$ 432,017</b>     | <b>\$ 741,955</b>     | <b>\$ 967,009</b> | <b>\$ 3,653,880</b>            |

**Governmental Funds**

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in  
Fund Balance of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2017**

|   |           |                         |
|---|-----------|-------------------------|
| <b>Net Change in Fund Balance Reported in Governmental Funds</b>  | \$        | 198,267                 |
| 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  |           | 1,393,643               |
| Depreciation expense  |           | (1,723,759)             |
| Net book value of assets disposed of  |           | (25,667)                |
| Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years   |           | (189)                   |
| Decrease in accumulated employee sick and vacation pay is recorded when paid in the governmental funds  |           | 19,877                  |
| 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 |           | 109,775                 |
| Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)   |           | 728,755                 |
| Other postemployment benefit obligation is recognized in the statement of activities, but not in the governmental funds   |           | (1,689,212)             |
| Interest expense is recorded when incurred in the statement of activities   |           | 29,111                  |
| Internal service funds are included as part of governmental activities  |           | 411,775                 |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$</b> | <b><u>(547,624)</u></b> |

Proprietary Funds  
Statement of Net Position

June 30, 2017

|   | Enterprise Funds     |                      |                        |                              | Governmental<br>Activities |
|---|----------------------|----------------------|------------------------|------------------------------|----------------------------|
|   | Water and<br>Sewer   | Land Preserve        | Nonmajor<br>Enterprise | Total<br>Enterprise<br>Funds | Internal Service<br>Funds  |
| <b>Assets</b>   |                      |                      |                        |                              |                            |
| Current assets:   |                      |                      |                        |                              |                            |
| Cash and investments (Note 3)                             | \$ 6,568,563         | \$ 1,087,417         | \$ 61,503              | \$ 7,717,483                 | \$ 363,878                 |
| Receivables:  |                      |                      |                        |                              |                            |
| Customer sales  | 1,014,385            | 1,661,494            | -                      | 2,675,879                    | -                          |
| Other receivables   | 11,182               | -                    | -                      | 11,182                       | -                          |
| Due from other funds (Note 4)                             | 27,353               | -                    | -                      | 27,353                       | 576,417                    |
| Inventory   | -                    | -                    | 19,622                 | 19,622                       | -                          |
| Prepaid expenses and other assets                         | 128,244              | 835                  | -                      | 129,079                      | 46,744                     |
| Deposits  | -                    | -                    | -                      | -                            | 251,867                    |
| Total current assets                                      | 7,749,727            | 2,749,746            | 81,125                 | 10,580,598                   | 1,238,906                  |
| Noncurrent assets:  |                      |                      |                        |                              |                            |
| Restricted assets (Note 5)                                | 942,262              | 34,302,158           | -                      | 35,244,420                   | -                          |
| Advances to other funds (Note 4)                          | -                    | 1,760,706            | -                      | 1,760,706                    | -                          |
| Investment in joint ventures (Note 14)                    | 142,435              | -                    | -                      | 142,435                      | -                          |
| Capital assets: (Note 6)                                  |                      |                      |                        |                              |                            |
| Assets not subject to depreciation                        | 2,910,578            | 9,924,662            | 691,901                | 13,527,141                   | -                          |
| Assets subject to depreciation                            | 22,677,929           | 11,464,380           | 2,016,980              | 36,159,289                   | -                          |
| Total noncurrent assets                                   | 26,673,204           | 57,451,906           | 2,708,881              | 86,833,991                   | -                          |
| Total assets  | 34,422,931           | 60,201,652           | 2,790,006              | 97,414,589                   | 1,238,906                  |
| <b>Deferred Outflows of Resources - Pension (Note 10)</b> | 101,501              | 234,606              | 11,335                 | 347,442                      | -                          |
| <b>Liabilities</b>  |                      |                      |                        |                              |                            |
| Current liabilities:                                      |                      |                      |                        |                              |                            |
| Accounts payable  | 1,792,214            | 1,632,583            | 29,544                 | 3,454,341                    | 52,248                     |
| Due to other funds (Note 4)                               | 119,708              | 381,349              | -                      | 501,057                      | -                          |
| Accrued liabilities and other                             | 21,477               | 76,732               | 36,463                 | 134,672                      | -                          |
| Provision for claims (Note 5)                             | -                    | -                    | -                      | -                            | 130,853                    |
| Current portion of long-term debt (Note 7)                | 1,081,928            | 404,588              | -                      | 1,486,516                    | -                          |
| Total current liabilities                                 | 3,015,327            | 2,495,252            | 66,007                 | 5,576,586                    | 183,101                    |
| Noncurrent liabilities:                                   |                      |                      |                        |                              |                            |
| Advances from other funds (Note 4)                        | 1,760,706            | -                    | 870,782                | 2,631,488                    | -                          |
| Accounts payable from restricted assets                   | -                    | 1,010,371            | -                      | 1,010,371                    | -                          |
| Compensated absences (Note 7)                             | 4,623                | -                    | -                      | 4,623                        | -                          |
| Landfill closure and postclosure (Note 5)                 | -                    | 34,327,909           | -                      | 34,327,909                   | -                          |
| Net pension liability (Note 10)                           | 532,469              | 1,230,736            | 59,464                 | 1,822,669                    | -                          |
| Net OPEB obligation (Note 11)                             | 1,730,484            | 4,694,998            | 864,932                | 7,290,414                    | -                          |
| Long-term debt (Note 7)                                   | 4,525,135            | 809,176              | -                      | 5,334,311                    | -                          |
| Total noncurrent liabilities                              | 8,553,417            | 42,073,190           | 1,795,178              | 52,421,785                   | -                          |
| Total liabilities   | 11,568,744           | 44,568,442           | 1,861,185              | 57,998,371                   | 183,101                    |
| <b>Deferred Inflows of Resources - Pension (Note 10)</b>  | 25,556               | 59,071               | 2,854                  | 87,481                       | -                          |
| <b>Net Position</b>                                       |                      |                      |                        |                              |                            |
| Net investment in capital assets                          | 19,981,444           | 20,175,278           | 2,708,881              | 42,865,603                   | -                          |
| Restricted - Water and sewer debt service (Note 5)        | 942,262              | -                    | -                      | 942,262                      | -                          |
| Unrestricted  | 2,006,426            | (4,366,533)          | (1,771,579)            | (4,131,686)                  | 1,055,805                  |
| Total net position  | <u>\$ 22,930,132</u> | <u>\$ 15,808,745</u> | <u>\$ 937,302</u>      | <u>\$ 39,676,179</u>         | <u>\$ 1,055,805</u>        |

**City of Riverview, Michigan**

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

**Year Ended June 30, 2017**

|   | Enterprise Funds     |                      |                        |                              | Governmental<br>Activities |
|---|----------------------|----------------------|------------------------|------------------------------|----------------------------|
|   | Water and<br>Sewer   | Land Preserve        | Nonmajor<br>Enterprise | Total<br>Enterprise<br>Funds | Internal<br>Service Funds  |
| <b>Operating Revenue</b>                    |                      |                      |                        |                              |                            |
| Customer billings                           | \$ 5,037,502         | \$ -                 | \$ -                   | \$ 5,037,502                 | \$ -                       |
| Greens fees                                 | -                    | -                    | 723,267                | 723,267                      | -                          |
| Equipment rentals                           | -                    | -                    | 193,057                | 193,057                      | -                          |
| Charges for services                        | -                    | -                    | -                      | -                            | 2,216,155                  |
| Miscellaneous revenue                       | 522                  | 296,799              | 200,026                | 497,347                      | -                          |
| Rubbish collections                         | -                    | 11,601,700           | -                      | 11,601,700                   | -                          |
| <b>Total operating revenue</b>              | <b>5,038,024</b>     | <b>11,898,499</b>    | <b>1,116,350</b>       | <b>18,052,873</b>            | <b>2,216,155</b>           |
| <b>Operating Expenses</b>                   |                      |                      |                        |                              |                            |
| Cost of water and sewer                     | 1,483,826            | -                    | -                      | 1,483,826                    | -                          |
| Operations and maintenance                  | 1,003,223            | 4,577,636            | 663,759                | 6,244,618                    | -                          |
| Supplies                                    | 11,060               | 41,714               | 208,976                | 261,750                      | -                          |
| Other services and charges                  | 537,893              | 4,192,648            | 381,724                | 5,112,265                    | 1,804,377                  |
| Depreciation                                | 1,300,407            | 2,494,540            | 263,435                | 4,058,382                    | -                          |
| <b>Total operating expenses</b>             | <b>4,336,409</b>     | <b>11,306,538</b>    | <b>1,517,894</b>       | <b>17,160,841</b>            | <b>1,804,377</b>           |
| <b>Operating Income (Loss)</b>              | <b>701,615</b>       | <b>591,961</b>       | <b>(401,544)</b>       | <b>892,032</b>               | <b>411,778</b>             |
| <b>Nonoperating Revenue (Expense)</b>       |                      |                      |                        |                              |                            |
| Property taxes - Sewage disposal system     | 516,633              | -                    | -                      | 516,633                      | -                          |
| Investment income (loss)                    | 91,726               | (539,944)            | (4,979)                | (453,197)                    | (3)                        |
| Interest expense                            | (188,099)            | (22,771)             | -                      | (210,870)                    | -                          |
| Gain on sale of assets                      | 2,046                | 100,000              | -                      | 102,046                      | -                          |
| Nonoperating grants                         | 522,765              | -                    | -                      | 522,765                      | -                          |
| <b>Total nonoperating revenue (expense)</b> | <b>945,071</b>       | <b>(462,715)</b>     | <b>(4,979)</b>         | <b>477,377</b>               | <b>(3)</b>                 |
| <b>Transfers In</b>                         | <b>53,787</b>        | <b>-</b>             | <b>-</b>               | <b>53,787</b>                | <b>-</b>                   |
| <b>Transfers Out</b>                        | <b>-</b>             | <b>(2,829,686)</b>   | <b>-</b>               | <b>(2,829,686)</b>           | <b>-</b>                   |
| <b>Change in Net Position</b>               | <b>1,700,473</b>     | <b>(2,700,440)</b>   | <b>(406,523)</b>       | <b>(1,406,490)</b>           | <b>411,775</b>             |
| <b>Net Position - Beginning of year</b>     | <b>21,229,659</b>    | <b>18,509,185</b>    | <b>1,343,825</b>       | <b>41,082,669</b>            | <b>644,030</b>             |
| <b>Net Position - End of year</b>           | <b>\$ 22,930,132</b> | <b>\$ 15,808,745</b> | <b>\$ 937,302</b>      | <b>\$ 39,676,179</b>         | <b>\$ 1,055,805</b>        |

Proprietary Funds  
Statement of Cash Flows

Year Ended June 30, 2017

|   | Enterprise Funds |               |                     |               | Governmental Activities |
|---|------------------|---------------|---------------------|---------------|-------------------------|
|   | Water and Sewer  | Land Preserve | Nonmajor Enterprise | Total         | Internal Service Funds  |
| <b>Cash Flows from Operating Activities</b>   |                  |               |                     |               |                         |
| Receipts from customers   | \$ 5,085,615     | \$ 11,832,747 | \$ 1,116,350        | \$ 18,034,712 | \$ -                    |
| Receipts from interfund services and reimbursements                                 | -                | -             | -                   | -             | 1,834,100               |
| Payments to suppliers   | (1,873,400)      | (3,423,858)   | (601,911)           | (5,899,169)   | -                       |
| Payments to employees   | (683,557)        | (3,055,570)   | (714,463)           | (4,453,590)   | -                       |
| Claims paid   | -                | -             | -                   | -             | (1,710,143)             |
| Net cash and cash equivalents provided by (used in) operating activities            | 2,528,658        | 5,353,319     | (200,024)           | 7,681,953     | 123,957                 |
| <b>Cash Flows from Noncapital Financing Activities</b>                              |                  |               |                     |               |                         |
| Operating grants and subsidies  | 522,765          | -             | -                   | 522,765       | -                       |
| Net transfers from (to) other funds   | 53,787           | (2,829,686)   | -                   | (2,775,899)   | -                       |
| Loans received from other funds   | -                | -             | 264,902             | 264,902       | -                       |
| Repayments of loans made to other funds   | -                | 1,047,299     | -                   | 1,047,299     | -                       |
| Loans made to other funds   | (28,503)         | -             | -                   | (28,503)      | -                       |
| Repayments of loans from other funds  | -                | (154,081)     | -                   | (154,081)     | -                       |
| Net cash and cash equivalents provided by (used in) noncapital financing activities | 548,049          | (1,936,468)   | 264,902             | (1,123,517)   | -                       |
| <b>Cash Flows from Capital and Related Financing Activities</b>                     |                  |               |                     |               |                         |
| Proceeds from sale of capital assets  | 2,046            | 100,000       | -                   | 102,046       | -                       |
| Property taxes restricted for capital items   | 516,935          | -             | -                   | 516,935       | -                       |
| Purchase of capital assets  | (266,364)        | (8,557,454)   | (18,713)            | (8,842,531)   | -                       |
| Principal and interest paid on capital debt   | (381,756)        | (427,359)     | (63,572)            | (872,687)     | -                       |
| Payment to county for debt service  | (950,530)        | -             | -                   | (950,530)     | -                       |
| Net cash and cash equivalents used in capital and related financing activities      | (1,079,669)      | (8,884,813)   | (82,285)            | (10,046,767)  | -                       |

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2017

|  | Enterprise Funds    |                     |                        |                     | Governmental<br>Activities |
|--|---------------------|---------------------|------------------------|---------------------|----------------------------|
|  | Water and Sewer     | Land Preserve       | Nonmajor<br>Enterprise | Total               | Internal Service<br>Funds  |
| <b>Cash Flows from Investing Activities</b>  |                     |                     |                        |                     |                            |
| Interest received on investments   | \$ 91,726           | \$ -                | \$ -                   | \$ 91,726           | \$ -                       |
| Proceeds from sale and maturities<br>of investment securities                        | 137,806             | 5,345,139           | -                      | 5,482,945           | -                          |
| Net cash and cash<br>equivalents<br>provided by (used<br>in) investing<br>activities | 229,532             | 5,345,139           | -                      | 5,574,671           | -                          |
| <b>Net Increase (Decrease) in Cash and<br/>Cash Equivalents</b>                      | 2,226,570           | (122,823)           | (17,407)               | 2,086,340           | 123,957                    |
| <b>Cash and Cash Equivalents -<br/>Beginning of year</b>                             | 2,178,418           | 1,210,240           | 45,280                 | 3,433,938           | 239,921                    |
| <b>Cash and Cash Equivalents - End of<br/>year</b>                                   | <b>\$ 4,404,988</b> | <b>\$ 1,087,417</b> | <b>\$ 27,873</b>       | <b>\$ 5,520,278</b> | <b>\$ 363,878</b>          |
| <b>Classification of Cash and Cash<br/>Equivalents</b>                               |                     |                     |                        |                     |                            |
| Cash and investments   | \$ 6,568,563        | \$ 1,087,417        | \$ 61,503              | \$ 7,717,483        | \$ 363,878                 |
| Less amounts classified as<br>investments  | (2,163,575)         | -                   | (33,630)               | (2,197,205)         | -                          |
| Total cash and cash<br>equivalents   | <b>\$ 4,404,988</b> | <b>\$ 1,087,417</b> | <b>\$ 27,873</b>       | <b>\$ 5,520,278</b> | <b>\$ 363,878</b>          |

Proprietary Funds  
Statement of Cash Flows (Continued)

Year Ended June 30, 2017

|  | Enterprise Funds    |                     |                        |                     | Governmental<br>Activities |
|--|---------------------|---------------------|------------------------|---------------------|----------------------------|
|  | Water and Sewer     | Land Preserve       | Nonmajor<br>Enterprise | Total               | Internal Service<br>Funds  |
| <b>Reconciliation of Operating Income<br/>(Loss) to Net Cash from Operating<br/>Activities</b> |                     |                     |                        |                     |                            |
| Operating income (loss)  | \$ 701,615          | \$ 591,961          | \$ (401,544)           | \$ 892,032          | \$ 411,778                 |
| Adjustments to reconcile operating<br>income (loss) to net cash from<br>operating activities:  |                     |                     |                        |                     |                            |
| Depreciation and amortization  | 1,300,407           | 2,494,540           | 263,435                | 4,058,382           | -                          |
| Changes in assets and<br>liabilities:  |                     |                     |                        |                     |                            |
| Receivables  | 47,591              | (65,752)            | -                      | (18,161)            | -                          |
| Due to and from other funds  | -                   | -                   | -                      | -                   | (382,055)                  |
| Inventories  | -                   | -                   | 6,921                  | 6,921               | -                          |
| Gain on investment in<br>Downriver Sewage<br>Disposal System                                   | (228,153)           | -                   | -                      | (228,153)           | -                          |
| Prepaid and other assets   | (39)                | (10)                | -                      | (49)                | -                          |
| Accounts payable   | 466,413             | (81,886)            | (18,132)               | 366,395             | -                          |
| Estimated claims liability   | -                   | -                   | -                      | -                   | 94,234                     |
| Net pension or OPEB<br>liability   | 166,184             | 474,354             | (123,600)              | 516,938             | -                          |
| Deferrals related to pension<br>or OPEB  | 77,086              | 158,050             | 66,855                 | 301,991             | -                          |
| Accrued and other liabilities  | (2,446)             | 7,636               | 6,041                  | 11,231              | -                          |
| Land preserve closure<br>liability   | -                   | 1,774,426           | -                      | 1,774,426           | -                          |
| Total adjustments  | <u>1,827,043</u>    | <u>4,761,358</u>    | <u>201,520</u>         | <u>6,789,921</u>    | <u>(287,821)</u>           |
| Net cash and cash<br>equivalents<br>provided by (used<br>by) operating<br>activities           | <u>\$ 2,528,658</u> | <u>\$ 5,353,319</u> | <u>\$ (200,024)</u>    | <u>\$ 7,681,953</u> | <u>\$ 123,957</u>          |

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

1. The restricted assets held at the county as of July 1, 2016 amounted to \$1,077,628 and the balance at June 30, 2017 was \$942,262. The change during the year was due to revenue from a judgment levy of \$950,530, interest income of \$12,971, and payments of principal and interest of \$935,964 and \$162,903, respectively.
2. The Downriver Sewage Disposal System (the City is a member) issued new debt during the year which resulted in the City reporting an addition to debt and addition to fixed assets. The transaction had no cash impact to the City and the City's portion of the debt issued by the Downriver Sewage Disposal System amounted to \$357,436.



Fiduciary Funds  
Statement of Fiduciary Net Position

June 30, 2017

|                                      | Pension Trust<br>Fund -<br>Employees'<br>Retirement<br>System | Private Purpose<br>Trust Fund -<br>Community<br>Trust | Agency Funds      |
|--------------------------------------|---|---|-------------------|
| <b>Assets</b>                        |   |   |                   |
| Cash and cash equivalents            | \$ 524,767  | \$ 17,626   | \$ 178,433        |
| Investments:                         |   |   |                   |
| U.S. government securities           | 3,769,993   | -   | -                 |
| Stocks and pooled equity investments | 19,730,097  | -   | -                 |
| Corporate bonds                      | 5,490,739   | -   | -                 |
| Receivables - Other receivables      | 627,839   | -   | 173,959           |
| Total assets                         | 30,143,435  | 17,626  | <b>\$ 352,392</b> |
| <b>Liabilities</b>                   |   |   |                   |
| Due to other governmental units      | -   | -   | \$ 236,112        |
| Refundable deposits, bonds, etc.     | -   | -   | 116,280           |
| Accrued liabilities and other        | -   | 11,402  | -                 |
| Total liabilities                    | -   | 11,402  | <b>\$ 352,392</b> |
| <b>Net Position</b>                  | <b>\$ 30,143,435</b>  | <b>\$ 6,224</b>                                       |                   |

Fiduciary Funds  
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2017

|   | Pension Trust<br>Fund -<br>Employees'<br>Retirement<br>System | Private Purpose<br>Trust Fund -<br>Community<br>Trust |
|---|---|---|
| <b>Additions</b>                                      |   |   |
| Investment income (loss):                             |   |   |
| Interest and dividends                                | \$ 511,020  | \$ 1  |
| Net increase in fair value of investments             | 2,315,549   | -   |
| Investment-related expenses                           | (139,641)   | -   |
| Total investment income (loss)                        | 2,686,928   | 1   |
| Contributions:  |   |   |
| Employer  | 1,092,653   | -   |
| Employee  | 149,335   | -   |
| Total contributions                                   | 1,241,988   | -   |
| Total additions                                       | 3,928,916   | 1   |
| <b>Deductions - Benefit payments</b>                  | 2,276,987   | -   |
| <b>Net Increase in Net Position Held in Trust</b>     | 1,651,929   | 1   |
| <b>Net Position Held in Trust - Beginning of year</b> | 28,491,506  | 6,223   |
| <b>Net Position Held in Trust - End of year</b>       | <b>\$ 30,143,435</b>  | <b>\$ 6,224</b>                                       |

**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 of Riverview, Michigan is governed by a mayor and an elected six-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the City's operations. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

**Blended Component Unit**

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

**Discretely Presented Component Unit**

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

**Accounting and Reporting Principles**

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

**Note 1 - Significant Accounting Policies (Continued)**

***Report Presentation***

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

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

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

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

**Fund Accounting**

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

The various funds are aggregated into three broad fund types:

***Governmental Funds***

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

- **The General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- **Major Streets Fund** - The Major Streets Fund accounts for maintenance and improvement activities for streets designated as "major" within the City. Funding is provided primarily through state-shared gas and weight taxes.
- **Local Streets Fund** - The Local Streets Fund accounts for maintenance and improvement activities for streets designated as "local" within the City. Funding is provided primarily through state-shared gas and weight taxes.

**Note 1 - Significant Accounting Policies (Continued)**

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

***Internal Service Funds***

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

***Fiduciary Funds***

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

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

**Interfund Activity**

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

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

**Basis of Accounting**

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

**Note 1 - Significant Accounting Policies (Continued)**

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

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

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

**Specific Balances and Transactions**

***Cash, Cash Equivalents, and Investments***

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

***Inventories***

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

***Restricted Assets***

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

***Capital Assets***

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

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

|                                     | <u>Depreciable Life -<br/>Years</u> |
|-------------------------------------|-------------------------------------|
| 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)**

***Deferred Outflows/Inflows of Resources***

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

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

***Long-term Obligations***

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

***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.

**Note 1 - Significant Accounting Policies (Continued)**

***Fund Balance Policies***

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

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

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

**Property Tax Revenue**

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

The City's 2016 property tax revenue was levied and collectible on July 1, 2016 and is recognized as revenue in the year ended June 30, 2017 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2016 taxable valuation of the City totaled \$297.9 million, on which ad valorem taxes levied consisted of 16.26 mills for operating purposes, 1.7 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 \$5.0 million for operating purposes (taxes are reflected in the General Fund and Local Streets Fund), \$0.5 million for sewage disposal debt, and \$0.8 million for street and water main repair debt service.

***Pension***

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



**Note 1 - Significant Accounting Policies (Continued)**

***Other Postemployment Benefit Costs***

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

***Compensated Absences***

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

***Proprietary Funds Operating Classification***

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

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

In 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.

**Note 1 - Significant Accounting Policies (Continued)**

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.

**Note 2 - Stewardship, Compliance, and Accountability**

***Budgetary Information***

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

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

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

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

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

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund and major special revenue funds budgets 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.

June 30, 2017

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

**Construction Code Fees**

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

|                                      |            |                |
|--------------------------------------|------------|----------------|
| Cumulative shortfall at July 1, 2016 |            | \$ (1,764,067) |
| Current year building permit revenue |            | 152,367        |
| Related expenses:                    |            |                |
| Direct costs                         | \$ 173,361 |                |
| Estimated indirect costs             | 17,336     | 190,697        |
|                                      |            | (38,330)       |
| Current year shortfall               |            | (38,330)       |
| Cumulative shortfall June 30, 2017   |            | \$ (1,802,397) |

**Fund Deficits**

At June 30, 2017, the City had a deficit of \$42,194 in the Golf Course Fund as defined by State of Michigan Department of Treasury Numbered Letter 2016-1. This amount represents the lower of the deficit in working capital and unrestricted net position deficit.

**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.

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

**Note 3 - Deposits and Investments (Continued)**

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year end, the City had \$8,435,966 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the City evaluates each financial institution with which it deposits city funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool.

***Interest Rate Risk***

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

| Primary Government                | Fair Value           | Less than 1 Year    | 1-5 Years            | 6-10 Years          | More than 10 Years |
|-----------------------------------|----------------------|---------------------|----------------------|---------------------|--------------------|
| U.S. government agency securities | \$ 8,185,025         | \$ 359,410          | \$ 3,985,035         | \$ 3,599,791        | \$ 240,789         |
| U.S. Treasury notes               | 27,391,419           | 835,796             | 22,748,020           | 3,807,603           | -                  |
| <b>Total</b>                      | <b>\$ 35,576,444</b> | <b>\$ 1,195,206</b> | <b>\$ 26,733,055</b> | <b>\$ 7,407,394</b> | <b>\$ 240,789</b>  |

| Fiduciary Funds                   | Fair Value          | Less Than 1 Year  | 1-5 Years           | 6-10 Years          | More Than 10 Years |
|-----------------------------------|---------------------|-------------------|---------------------|---------------------|--------------------|
| U.S. government agency securities | \$ 641,170          | \$ -              | \$ -                | \$ 47,407           | \$ 593,763         |
| U.S. Treasury                     | 3,128,823           | -                 | 2,471,678           | 657,145             | -                  |
| Corporate bonds                   | 5,490,739           | 248,320           | 4,047,966           | 1,194,453           | -                  |
| <b>Total</b>                      | <b>\$ 9,260,732</b> | <b>\$ 248,320</b> | <b>\$ 6,519,644</b> | <b>\$ 1,899,005</b> | <b>\$ 593,763</b>  |

***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 |
|-----------------------------------|----------------------|-----------|---------------------|
| <b>Primary Government</b>         |                      |           |                     |
| U.S. government agency securities | \$ 8,183,749         | Aaa       | Moody's             |
| U.S. government agency securities | 1,276                | Not rated | N/A                 |
| U.S. Treasury                     | 27,391,419           | Aaa       | Moody's             |
| <b>Total</b>                      | <b>\$ 35,576,444</b> |           |                     |

**Note 3 - Deposits and Investments (Continued)**

| Investment                        | Fair Value          | Rating    | Rating Organization |
|-----------------------------------|---------------------|-----------|---------------------|
| <b>Fiduciary Funds</b>            |                     |           |                     |
| U.S. Treasury                     | \$ 3,128,823        | Aaa       | Moody's             |
| U.S. government agency securities | 47,407              | Aaa       | Moody's             |
|                                   | 593,763             | Not rated | N/A                 |
| Corporate bonds                   | 1,147,084           | AAA       | Moody's             |
|                                   | 115,593             | Aa1       | Moody's             |
|                                   | 149,063             | Aa2       | Moody's             |
|                                   | 60,175              | Aa3       | Moody's             |
|                                   | 382,855             | A1        | Moody's             |
|                                   | 335,004             | A2        | Moody's             |
|                                   | 690,925             | A3        | Moody's             |
|                                   | 1,056,737           | Baa1      | Moody's             |
|                                   | 746,995             | Baa2      | Moody's             |
|                                   | 482,184             | Baa3      | Moody's             |
|                                   | 324,124             | Not rated | N/A                 |
| Total                             | <u>\$ 9,260,732</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 14.45 percent and Federal Home Loan Mortgage Corporation at 6.50 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 or liability.

**Note 3 - Deposits and Investments (Continued)**

The City has the following recurring fair value measurements as of June 30, 2017:

|                                 | Assets Measured at Fair Value on a Recurring Basis at June 30, 2017 |   |   | Balance at June 30, 2017 |
|---------------------------------|---|---|---|--------------------------|
|                                 | Quoted Prices in Active Markets for Identical Assets (Level 1)      | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |                          |
| Debt securities:                |   |   |   |                          |
| U.S. Treasury securities        | \$ 30,520,242   | \$ -  | \$ -                                      | \$ 30,520,242            |
| Agency bonds                    | -   | 8,826,195                                     | -   | 8,826,195                |
| Corporate bonds                 | -   | 5,490,739                                     | -   | 5,490,739                |
| Other fixed income              | -   | 935,467                                       | -   | 935,467                  |
| Total debt securities           | 30,520,242  | 15,252,401                                    | -   | 45,772,643               |
| Equity securities:              |   |   |   |                          |
| Stocks                          | 2,919,736   | -   | -   | 2,919,736                |
| ETF - Equity                    | 2,819,022   | -   | -   | 2,819,022                |
| Mutual fund - Equity            | 13,991,339  | -   | -   | 13,991,339               |
| Total equity securities         | 19,730,097  | -   | -   | 19,730,097               |
| Total investments by fair value | \$ 50,250,339   | \$ 15,252,401                                 | \$ -                                      | \$ 65,502,740            |

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, 2017 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, 2017 is as follows:

| Receivable Fund             | Payable Fund                      | Amount              |
|-----------------------------|-----------------------------------|---------------------|
| General Fund                | Water and Sewer Fund              | \$ 76,013           |
|                             | Nonmajor governmental funds       | 235,735             |
|                             | Total General Fund                | 311,748             |
| Nonmajor governmental funds | General Fund                      | 76                  |
|                             | Land Preserve Fund                | 381,258             |
|                             | Nonmajor governmental funds       | 109,304             |
|                             | Total nonmajor governmental funds | 490,638             |
| Water and Sewer Fund        | General Fund                      | 27,262              |
|                             | Land Preserve Fund                | 91                  |
|                             | Total Water and Sewer Fund        | 27,353              |
| Internal service funds      | General Fund                      | 532,722             |
|                             | Water and Sewer Fund              | 43,695              |
|                             | Total internal service funds      | 576,417             |
|                             | Total                             | <u>\$ 1,406,156</u> |

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

| Fund Borrowed From | Fund Loaned To            | Amount              |
|--------------------|---------------------------|---------------------|
| Land Preserve Fund | Water and Sewer Fund      | \$ 1,760,706        |
| General Fund       | Nonmajor enterprise funds | 870,782             |
|                    | Total                     | <u>\$ 2,631,488</u> |

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

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.

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

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

| Transferred To              | Transferred From                  | Amount              |
|-----------------------------|-----------------------------------|---------------------|
| General Fund                | Land Preserve Fund (1)            | \$ 2,289,005        |
| Local Streets Fund          | Major Streets Fund (3)            | 280,397             |
|                             | Nonmajor governmental funds (4)   | 199,287             |
|                             | Total Local Streets Fund          | 479,684             |
| Nonmajor governmental funds | General Fund (2)                  | 100,000             |
|                             | Land Preserve Fund (1)(2)         | 540,681             |
|                             | Total nonmajor governmental funds | 640,681             |
| Water and Sewer Fund        | Nonmajor governmental funds (4)   | 53,787              |
|                             | Total                             | <u>\$ 3,463,157</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, 2017, restricted assets are comprised of the following:

| Description  | Water and Sewer Fund | Land Preserve Fund   | Street and Water Main Repair Fund | Total                |
|--|----------------------|----------------------|-----------------------------------|----------------------|
| Cash and investments                                 | \$ -                 | \$ 34,302,158        | \$ -                              | \$ 34,302,158        |
| Deposits held by Wayne County - Water and Sewer Fund | 942,262              | -                    | -                                 | 942,262              |
| Unspent bond proceeds                                | -                    | -                    | 225,100                           | 225,100              |
| Total  | <u>\$ 942,262</u>    | <u>\$ 34,302,158</u> | <u>\$ 225,100</u>                 | <u>\$ 35,469,520</u> |

**Water and Sewer**

The City has assets of \$942,262 held at Wayne County that are restricted for debt payments related to the Downriver Sewage Disposal System project. The restricted assets balance results from the debt service tax levy in excess of debt expenses for the Downriver Sewage Disposal System projects.

**Landfill - Closure and Postclosure Care Costs**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and postclosure care costs as an operating expense in each period based on the acres of the entire permitted site used as of each balance sheet date. The \$34,327,909 reported as landfill closure and postclosure liability at June 30, 2017 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 \$8.3 million as the remaining estimated capacity is filled.



**Note 5 - Restricted Assets (Continued)**

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 79 percent of landfill capacity is used as of June 30, 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The City is required by state and federal laws and regulations to make contributions to a trust to finance closure and postclosure care (see Note 8). The City is in compliance with these requirements and at June 30, 2017, investments of \$34,302,158 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 the total restricted assets of \$34,302,158 is less than the sum of the postclosure liability of \$34,327,909 and accounts payable with restricted assets of \$1,010,371. The City expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

**Street and Water Main Repair**

The City has \$225,100 of unspent bond proceeds remaining from the 2015 General Obligation Unlimited Tax Bonds. The bond proceeds use is restricted to installing, improving, replacing, and reconstructing streets and water mains in the City.

**Note 6 - Capital Assets**

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

**Governmental Activities**

|  | Balance<br>July 1, 2016 | Additions           | Disposals and<br>Adjustments | Balance<br>June 30, 2017 |
|--|-------------------------|---------------------|------------------------------|--------------------------|
| Capital assets not being depreciated:      |                         |                     |                              |                          |
| Land                                       | \$ 11,631,020           | \$ -                | \$ -                         | \$ 11,631,020            |
| Construction in progress                   | 5,935,945               | 913,709             | -                            | 6,849,654                |
| Subtotal                                   | 17,566,965              | 913,709             | -                            | 18,480,674               |
| Capital assets being depreciated:          |                         |                     |                              |                          |
| Infrastructure                             | 42,049,225              | 244,380             | -                            | 42,293,605               |
| Buildings and improvements                 | 11,110,169              | 11,342              | (70,000)                     | 11,051,511               |
| Equipment and vehicles'                    | 6,788,896               | 224,212             | (149,054)                    | 6,864,054                |
| Subtotal                                   | 59,948,290              | 479,934             | (219,054)                    | 60,209,170               |
| Accumulated depreciation:                  |                         |                     |                              |                          |
| Infrastructure                             | 31,130,489              | 1,041,742           | -                            | 32,172,231               |
| Buildings and improvements                 | 9,460,211               | 185,115             | (44,333)                     | 9,600,993                |
| Machinery and equipment                    | 5,591,779               | 496,902             | (149,054)                    | 5,939,627                |
| Subtotal                                   | 46,182,479              | 1,723,759           | (193,387)                    | 47,712,851               |
| Net capital assets being depreciated       | 13,765,811              | (1,243,825)         | (25,667)                     | 12,496,319               |
| Net governmental activities capital assets | <u>\$ 31,332,776</u>    | <u>\$ (330,116)</u> | <u>\$ (25,667)</u>           | <u>\$ 30,976,993</u>     |

June 30, 2017

**Note 6 - Capital Assets (Continued)**

**Business-type Activities**

|   | Balance<br>July 1, 2016 | Additions | Disposals and<br>Adjustments | Balance<br>June 30, 2017 |
|---|-------------------------|-----------|------------------------------|--------------------------|
| <b>Water and Sewer System</b>                                   |                         |           |                              |                          |
| Capital assets not being depreciated - Construction in progress | \$ 2,817,287            | \$ 93,291 | \$ -                         | \$ 2,910,578             |
| Capital assets being depreciated:                               |                         |           |                              |                          |
| Water and sewer lines   | 44,814,470              | 357,436   | -                            | 45,171,906               |
| Buildings and improvements                                      | 796,237                 | -         | -                            | 796,237                  |
| Machinery and equipment   | 1,905,502               | 173,072   | (23,795)                     | 2,054,779                |
| Vehicles  | 814,593                 | -         | -                            | 814,593                  |
| Subtotal  | 48,330,802              | 530,508   | (23,795)                     | 48,837,515               |
| Accumulated depreciation:                                       |                         |           |                              |                          |
| Water and sewer lines   | 22,265,671              | 989,315   | -                            | 23,254,986               |
| Buildings and improvements                                      | 326,945                 | 58,337    | -                            | 385,282                  |
| Machinery and equipment   | 1,604,576               | 182,205   | (23,795)                     | 1,762,986                |
| Vehicles  | 685,782                 | 70,550    | -                            | 756,332                  |
| Subtotal  | 24,882,974              | 1,300,407 | (23,795)                     | 26,159,586               |
| Net capital assets being depreciated                            | 23,447,828              | (769,899) | -                            | 22,677,929               |
| Net water and sewer system capital assets                       | 26,265,115              | (676,608) | -                            | 25,588,507               |
| <b>Golf Course</b>  |                         |           |                              |                          |
| Capital assets being depreciated:                               |                         |           |                              |                          |
| Buildings and improvements                                      | 1,145,538               | -         | -                            | 1,145,538                |
| Machinery and equipment   | 1,447,529               | 18,713    | -                            | 1,466,242                |
| Land improvements   | 1,722,308               | -         | -                            | 1,722,308                |
| Subtotal  | 4,315,375               | 18,713    | -                            | 4,334,088                |
| Accumulated depreciation:                                       |                         |           |                              |                          |
| Buildings and improvements                                      | 1,128,369               | 2,210     | -                            | 1,130,579                |
| Machinery and equipment   | 1,222,844               | 103,909   | -                            | 1,326,753                |
| Land improvements   | 655,118                 | 52,893    | -                            | 708,011                  |
| Subtotal  | 3,006,331               | 159,012   | -                            | 3,165,343                |
| Net golf course capital assets                                  | 1,309,044               | (140,299) | -                            | 1,168,745                |

June 30, 2017

**Note 6 - Capital Assets (Continued)**

***Business-type Activities (Continued)***

|   | Balance<br>July 1, 2016 | Additions    | Disposals and<br>Adjustments | Balance<br>June 30, 2017 |
|---|-------------------------|--------------|------------------------------|--------------------------|
| <b>Golf Practice</b>                        |                         |              |                              |                          |
| Capital assets not being depreciated - Land | \$ 691,901              | \$ -         | \$ -                         | \$ 691,901               |
| Capital assets being depreciated:           |                         |              |                              |                          |
| Buildings and improvements                  | 1,314,767               | -            | -                            | 1,314,767                |
| Machinery and equipment                     | 1,405,925               | -            | -                            | 1,405,925                |
| Subtotal                                    | 2,720,692               | -            | -                            | 2,720,692                |
| Accumulated depreciation:                   |                         |              |                              |                          |
| Buildings and improvements                  | 927,876                 | 58,512       | -                            | 986,388                  |
| Machinery and equipment                     | 840,158                 | 45,911       | -                            | 886,069                  |
| Subtotal                                    | 1,768,034               | 104,423      | -                            | 1,872,457                |
| Net capital assets being depreciated        | 952,658                 | (104,423)    | -                            | 848,235                  |
| Net golf practice capital assets            | 1,644,559               | (104,423)    | -                            | 1,540,136                |
| <b>Land Preserve</b>                        |                         |              |                              |                          |
| Capital assets not being depreciated:       |                         |              |                              |                          |
| Land  | 2,761,877               | -            | -                            | 2,761,877                |
| Construction in progress                    | 1,090,206               | 6,072,579    | -                            | 7,162,785                |
| Subtotal                                    | 3,852,083               | 6,072,579    | -                            | 9,924,662                |
| Capital assets being depreciated:           |                         |              |                              |                          |
| Buildings and improvements                  | 33,651,731              | 935,807      | -                            | 34,587,538               |
| Machinery and equipment                     | 8,566,841               | 1,549,068    | (310,453)                    | 9,805,456                |
| Vehicles                                    | 436,895                 | -            | (67,612)                     | 369,283                  |
| Subtotal                                    | 42,655,467              | 2,484,875    | (378,065)                    | 44,762,277               |
| Accumulated depreciation:                   |                         |              |                              |                          |
| Buildings and improvements                  | 23,642,575              | 1,230,464    | -                            | 24,873,039               |
| Machinery and equipment                     | 7,152,278               | 1,224,913    | (310,453)                    | 8,066,738                |
| Vehicles                                    | 386,569                 | 39,163       | (67,612)                     | 358,120                  |
| Subtotal                                    | 31,181,422              | 2,494,540    | (378,065)                    | 33,297,897               |
| Net capital assets being depreciated        | 11,474,045              | (9,665)      | -                            | 11,464,380               |
| Net land preserve capital assets            | 15,326,128              | 6,062,914    | -                            | 21,389,042               |
| Net business-type activity capital assets   | \$ 44,544,846           | \$ 5,141,584 | \$ -                         | \$ 49,686,430            |

June 30, 2017

**Note 6 - Capital Assets (Continued)**

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

|                                |                     |
|--------------------------------|---------------------|
| Governmental activities:       |                     |
| General government             | \$ 1,067,088        |
| Public safety                  | 296,882             |
| Public works                   | 180,127             |
| Economic development           | 9,139               |
| Recreation and culture         | 170,523             |
|                                | <u>170,523</u>      |
| Total governmental activities  | <u>\$ 1,723,759</u> |
| Business-type activities:      |                     |
| Water and sewer                | \$ 1,300,407        |
| Land preserve                  | 2,494,540           |
| Golf course                    | 159,012             |
| Golf practice                  | 104,423             |
|                                | <u>104,423</u>      |
| Total business-type activities | <u>\$ 4,058,382</u> |

**Construction Commitments**

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

|                                       | <u>Spent to Date</u> | <u>Remaining<br/>Commitment</u> |
|---------------------------------------|----------------------|---------------------------------|
| Street repair and sectioning          | \$ 218,000           | \$ 71,630                       |
| Street/Water main replacement         | 6,070,015            | 117,604                         |
| Gas collection and containment system | 897,292              | 95,971                          |
| Cell 7 construction                   | -                    | 4,219,401                       |
| Leachate pretreatment system          | 338,243              | 19,311                          |
| Landfill gas system expansion         | 314,583              | 55,457                          |
| Landfill access road                  | 119,381              | 80,619                          |
|                                       | <u>119,381</u>       | <u>80,619</u>                   |
| Total                                 | <u>\$ 7,957,514</u>  | <u>\$ 4,659,993</u>             |

June 30, 2017

**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, 2017 is as follows:

|  | Interest Rate<br>Ranges | Beginning<br>Balance | Additions         | Reductions            | Ending<br>Balance   | Due Within<br>One Year |
|--|-------------------------|----------------------|-------------------|-----------------------|---------------------|------------------------|
| Governmental activities:                                 |                         |                      |                   |                       |                     |                        |
| 2015 General Obligation<br>Unlimited Tax Bonds:          |                         |                      |                   |                       |                     |                        |
| Amount of issue -  |                         |                      |                   |                       |                     |                        |
| \$7,725,000 Maturing                                     | 2.00% -                 |                      |                   |                       |                     |                        |
| through 2025   | 3.00%                   | \$ 7,725,000         | \$ -              | \$ (600,000)          | \$ 7,125,000        | \$ 650,000             |
| Bond premium   |                         | 244,012              | -                 | (27,112)              | 216,900             | 27,112                 |
| Monroe Bank & Trust<br>Equipment Purchase<br>Agreement - |                         |                      |                   |                       |                     |                        |
| Amount of Issue - \$391,052                              |                         |                      |                   |                       |                     |                        |
| Maturing through 2018                                    | 2.45%                   | 327,817              | -                 | (128,755)             | 199,062             | 131,757                |
| Total bonds payable                                      |                         | 8,296,829            | -                 | (755,867)             | 7,540,962           | 808,869                |
| Compensated absences                                     |                         | 529,372              | 755,100           | (774,977)             | 509,495             | -                      |
| Total governmental<br>activities long-term debt          |                         | <u>\$ 8,826,201</u>  | <u>\$ 755,100</u> | <u>\$ (1,530,844)</u> | <u>\$ 8,050,457</u> | <u>\$ 808,869</u>      |

June 30, 2017

**Note 7 - Long-term Debt (Continued)**

|   | 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        | \$ -                  | \$ 349,869          | \$ 21,390           |
| Wells Fargo Equipment Purchase Agreement - Amount of issue - \$244,750 Maturing through 2017  | 3.25%                | 58,631              | -                 | (58,631)              | -                   | -                   |
| Talmer Bank Equipment Purchase Agreement - Amount of issue - \$1,618,352 Maturing through 2020                                      | 1.48%                | 1,618,352           | -                 | (404,588)             | 1,213,764           | 404,588             |
| County contractual agreements - Downriver Sewage Disposal System Bonds Series B - Amount of issue - \$701,512 Maturing through 2019 | Various              | 157,086             | -                 | (49,790)              | 107,296             | 52,362              |
| State Revolving Funds Loan: Amount of issue - \$16,015,786 Maturing through 2031  | 2.00% - 2.50%        | 5,080,856           | -                 | (990,041)             | 4,090,815           | 915,861             |
| Downriver Sewage Disposal System 2007 Bonds Series B - Amount of issue - \$1,421,841 Maturing through 2027                          | 4.18%-5.04%          | 1,012,162           | -                 | (63,935)              | 948,227             | 66,637              |
| Downriver Sewage Disposal System 2007 Bonds Series D - Amount of issue - \$212,850 Maturing through 2028                            | 3.95%-4.61%          | 101,004             | -                 | (12,964)              | 88,040              | 6,510               |
| City of Ecorse plant capacity obligation - Amount of issue - \$518,402 Maturing through 2021  | Various              | 42,706              | -                 | (19,890)              | 22,816              | 19,168              |
| <b>Total business-type activities</b>   |                      | <b>8,070,797</b>    | <b>349,869</b>    | <b>(1,599,839)</b>    | <b>6,820,827</b>    | <b>1,486,516</b>    |
| Compensated absences  |                      | 7,443               | 110,013           | (112,833)             | 4,623               | -                   |
| <b>Total business-type activities long-term debt</b>  |                      | <b>\$ 8,078,240</b> | <b>\$ 459,882</b> | <b>\$ (1,712,672)</b> | <b>\$ 6,825,450</b> | <b>\$ 1,486,516</b> |

**Note 7 - Long-term Debt (Continued)**

***Debt Service Requirements to Maturity***

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

| Years Ending<br>December 31 | Governmental Activities |            |              | Business-type Activities |            |              |
|-----------------------------|-------------------------|------------|--------------|--------------------------|------------|--------------|
|                             | Principal               | Interest   | Total        | Principal                | Interest   | Total        |
| 2018                        | \$ 781,757              | \$ 182,303 | \$ 964,060   | \$ 1,486,516             | \$ 173,511 | \$ 1,660,027 |
| 2019                        | 767,305                 | 165,574    | 932,879      | 1,317,398                | 140,344    | 1,457,742    |
| 2020                        | 750,000                 | 150,250    | 900,250      | 1,177,719                | 109,973    | 1,287,692    |
| 2021                        | 800,000                 | 134,750    | 934,750      | 760,393                  | 86,263     | 846,656      |
| 2022                        | 800,000                 | 114,750    | 914,750      | 241,005                  | 98,605     | 339,610      |
| 2023-2027                   | 3,425,000               | 197,625    | 3,622,625    | 1,127,992                | 203,148    | 1,331,140    |
| 2028-2021                   | -                       | -          | -            | 632,620                  | 40,086     | 672,706      |
| 2033-2037                   | -                       | -          | -            | 77,184                   | 15,222     | 92,406       |
| Total                       | \$ 7,324,062            | \$ 945,252 | \$ 8,269,314 | \$ 6,820,827             | \$ 867,152 | \$ 7,687,979 |

***Future Revenue Pledged for Debt Payment***

The business-type activity county contractual agreements to the county are the result of the county issuing bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary, to fund the obligation to repay the County. Proceeds from the county bonds provided financing for the construction and upgrades for the Downriver Sewage Disposal System. The remaining principal and interest to be paid on the bonds total \$6,641,303. During the current year, net revenue of the system was \$2,002,022 and property tax collections were \$516,633 compared to the annual debt requirements of \$1,194,230.

**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.

June 30, 2017

**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 |                   |
|---|-------------------|-------------------|
|   | 2017              | 2016              |
| Unpaid claims - Beginning of year                           | \$ 173,500        | \$ 142,747        |
| Incurred claims, including claims incurred but not reported | 215,800           | 720,406           |
| Claim payments  | (258,447)         | (689,653)         |
| Unpaid claims - End of year                                 | <u>\$ 130,853</u> | <u>\$ 173,500</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.

***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 the June 30, 2017, the following members were covered by the benefit terms:

|  |                   |
|--|-------------------|
| Retirees and beneficiaries currently receiving benefits          | 98                |
| Inactive plan members entitled to but not yet receiving benefits | 9                 |
| Active plan members  | <u>39</u>         |
| Total employees covered by the plan                              | <u><u>146</u></u> |



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

**Contributions**

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the retirement board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by City ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2017, 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 38 percent of covered payroll.

**Net Pension Liability**

The components of the net pension liability of the City at June 30, 2017 were as follows:

|                              |                     |
|------------------------------|---------------------|
| Total pension liability      | \$ 36,270,078       |
| Plan fiduciary net position  | <u>(30,143,435)</u> |
| City's net pension liability | <u>\$ 6,126,643</u> |

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

The City has chosen to use the June 30, 2017 measurement date as its measurement date for the net pension liability. The June 30, 2017 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, 2017 measurement date. The June 30, 2017 total pension liability was determined by an actuarial valuation performed as of June 30, 2016, which used updated procedures to roll forward the estimated liability to June 30, 2017.

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 |
| <b>Balance at July 1, 2016</b>                     | \$ 35,806,056           | \$ 28,491,506        | \$ 7,314,550          |
| Changes for the year:                              |                         |                      |                       |
| Service cost                                       | 539,931                 | -                    | 539,931               |
| Interest   | 2,623,193               | -                    | 2,623,193             |
| Differences between expected and actual experience | (422,115)               | -                    | (422,115)             |
| Contributions - Employer                           | -                       | 1,092,653            | (1,092,653)           |
| Contributions - Employee                           | -                       | 149,335              | (149,335)             |
| Net investment income                              | -                       | 2,686,928            | (2,686,928)           |
| Benefit payments, including refunds                | <u>(2,276,987)</u>      | <u>(2,276,987)</u>   | <u>-</u>              |
| Net changes  | <u>464,022</u>          | <u>1,651,929</u>     | <u>(1,187,907)</u>    |
| <b>Balance at June 30, 2017</b>                    | <u>\$ 36,270,078</u>    | <u>\$ 30,143,435</u> | <u>\$ 6,126,643</u>   |

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

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

For the year ended June 30, 2017, the City recognized pension expense of \$869,556.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred Inflows<br>of Resources |
|--|--------------------------------------|----------------------------------|
| Difference between expected and actual experience                                | \$ -                                 | \$ 294,055                       |
| Net difference between projected and actual earnings on pension plan investments | <u>1,167,877</u>                     | <u>-</u>                         |
| Total  | <u>\$ 1,167,877</u>                  | <u>\$ 294,055</u>                |

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

| Years Ending<br>June 30 | Amount     |
|-------------------------|------------|
| 2018                    | \$ 181,678 |
| 2019                    | 466,010    |
| 2020                    | 343,910    |
| 2021                    | (117,776)  |

***Actuarial Assumptions***

The total pension liability in the June 30, 2016 actuarial valuation was determined using an inflation assumption of 2.75 percent, assumed salary increases (including inflation) ranging from 4.0 to 8.0 percent, an investment rate of return (net of investment expenses) of 7.5 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.

***Discount Rate***

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

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

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

**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, 2017 for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

| Asset Class          | Long-term<br>Expected Real<br>Rate of Return |
|----------------------|--|
| Domestic equity      | 5.00 %                                       |
| International equity | 7.00   |
| Fixed income         | 1.00   |
| Real estate          | 6.00   |

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

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

|                                   | 1 Percent<br>Decrease (6.5%) | Current Discount<br>Rate (7.5%) | 1 Percent<br>Increase (8.5%) |
|-----------------------------------|------------------------------|---------------------------------|------------------------------|
| Net pension liability of the City | \$ 9,786,159                 | \$ 6,126,643                    | \$ 2,995,454                 |

**Rate of Return**

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 9.87 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

June 30, 2017

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

**Investment Policy**

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the retirement board by a majority vote of its members. It is the policy of the retirement board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the board’s adopted asset allocation policy as of June 30, 2017:

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

**Pension Plan Reserves**

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

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

The employee reserve is credited as employee contributions are received throughout the year; the plan maintains a record of the amount contributed by each employee and credits interest annually at a rate of 5.0 percent. For any employee who terminates before vesting in the pension plan, the employee’s balance is returned to him or her; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2017 are as follows:

|                  | Required Reserve | Amount Funded |
|------------------|------------------|---------------|
| Retiree reserve  | \$ 20,214,376    | \$ 20,214,376 |
| Employee reserve | 4,124,676        | 4,124,676     |
| Employer reserve | -                | 5,804,383     |

**Receivable to the Pension Plan**

At June 30, 2017, the City reported a receivable of \$560,362 for the outstanding amount of contributions to the plan required for the year ended June 30, 2017.

June 30, 2017

**Note 11 - Other Postemployment Benefits**

**Plan Description**

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

**Funding Policy**

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

**Funding Progress**

For the year ended June 30, 2017, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2016. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

|  |                      |
|--|----------------------|
| Annual required contribution (recommended)         | \$ 4,139,949         |
| Interest on the prior year's net OPEB obligation   | 707,392              |
| ARC adjustment                                     | <u>(849,041)</u>     |
| Annual OPEB cost                                   | 3,998,300            |
| Amounts contributed - Payments of current premiums | <u>(1,366,109)</u>   |
| Increase in net OPEB obligation                    | 2,632,191            |
| OPEB obligation - Beginning of year                | <u>17,684,730</u>    |
| OPEB obligation - End of year                      | <u>\$ 20,316,921</u> |

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

| Fiscal Year Ended | Actuarial Valuation Date | Annual OPEB Costs | Employer Contributions Percentage Contributed | Net OPEB Obligation |
|-------------------|--------------------------|-------------------|---|---------------------|
| June 30, 2015     | June 30, 2013            | \$ 3,647,862      | 32.50 %                                       | \$ 15,269,489       |
| June 30, 2016     | June 30, 2013            | 3,697,282         | 34.70   | 17,684,730          |
| June 30, 2017     | June 30, 2016            | 3,998,300         | 34.20   | 20,316,921          |

The funding progress of the plan is as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (Percent) (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|------------------------------|---------------------|---|
| June 30, 2010            | \$ -                          | \$ 35,504,115                         | \$ 35,504,115             | -                            | % \$ 4,765,874      | 744.97 %                                |
| June 30, 2013            | -                             | 41,629,302                            | 41,629,302                | -                            | 3,895,516           | 1,068.65                                |
| June 30, 2016            | -                             | 42,226,967                            | 42,226,967                | -                            | 3,368,940           | 1,253.42                                |

**Note 11 - Other Postemployment Benefits (Continued)**

***Actuarial Methods and Assumptions***

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

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

In the June 30, 2016 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 3.5 percent after 11 years. Both rates included a 3.5 percent inflation assumption. The actuarial value of assets was based on the market value of investments. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016 was 21 years.

**Note 12 - Defined Contribution Pension Plan**

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

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

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

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 \$64,029 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, 2017, employee contributions were \$321,785.

**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, 2017, employee contributions were \$13,438. In accordance with the requirements, the City expensed \$21,222 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, 2017, employee contributions were \$6,183. In accordance with the requirements, the City expensed \$13,315 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, 2017, employee contributions were \$8,084. In accordance with the requirements, the City expensed \$26,890 during the current year.

**Note 13 - Multiple-employer Defined Benefit Pension Plan**

In the current year, the City implemented GASB Statement No. 78, which adds required disclosures related to pension benefits provided through certain multiple-employer defined benefit pension plans. 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. For the period from July 1, 2016 through August 30, 2016, eligible employees were entitled to \$11.45 of contributions per hour worked and \$11.95 of contributions per hour worked for the period from September 1, 2016 through June 30, 2017. As required contributions are defined by hours worked, there is no fixed amount of required contributions. For the year ended June 30, 2017, the City made \$301,809 of contributions to the pension plan. As of June 30, 2017, Local 324 members were subject to a collective bargaining agreement that expired on December 31, 2011; however, a new contract became effective July 1, 2017.

**Note 14 - Joint Venture**

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Water and Sewer Fund. In addition, the City has recorded an asset of \$142,435 in the Water and Sewer Fund at June 30, 2017 related to its share of unrestricted net position of the system. During the year, the City paid \$523,034 for operations of the system and \$1,075,088 for debt service.

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

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

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## Required Supplemental Information

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Required Supplemental Information  
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2017

|  | Original<br>Budget | Amended<br>Budget  | Actual              | Variance with<br>Amended<br>Budget |
|--|--------------------|--------------------|---------------------|------------------------------------|
| <b>Revenue</b>                             |                    |                    |                     |                                    |
| Property taxes                             | \$ 4,529,790       | \$ 4,542,685       | \$ 4,605,220        | \$ 62,535                          |
| Charges to other funds                     | 908,490            | 908,490            | 877,862             | (30,628)                           |
| State and federal sources                  | 1,319,315          | 1,422,430          | 1,437,990           | 15,560                             |
| Charges for services                       | 526,960            | 526,960            | 515,098             | (11,862)                           |
| Fines and forfeitures                      | 96,620             | 96,620             | 103,000             | 6,380                              |
| Licenses and permits                       | 387,900            | 412,957            | 266,428             | (146,529)                          |
| Investment loss                            | (14,600)           | (14,600)           | (11,289)            | 3,311                              |
| Other revenue                              | 169,625            | 197,980            | 216,965             | 18,985                             |
| <b>Total revenue</b>                       | <b>7,924,100</b>   | <b>8,093,522</b>   | <b>8,011,274</b>    | <b>(82,248)</b>                    |
| <b>Expenditures</b>                        |                    |                    |                     |                                    |
| Current services:                          |                    |                    |                     |                                    |
| General government:                        |                    |                    |                     |                                    |
| City Council                               | 62,064             | 62,524             | 60,652              | 1,872                              |
| City manager                               | 344,305            | 344,305            | 338,800             | 5,505                              |
| Finance                                    | 408,050            | 406,305            | 376,555             | 29,750                             |
| Assessing and purchasing                   | 181,370            | 170,730            | 166,211             | 4,519                              |
| Information technology                     | 153,345            | 153,345            | 139,720             | 13,625                             |
| Clerk                                      | 280,784            | 258,767            | 226,532             | 32,235                             |
| Attorney                                   | 284,100            | 409,850            | 411,849             | (1,999)                            |
| Human resources                            | 152,740            | 153,465            | 142,439             | 11,026                             |
| Insurance and other functions              | 43,860             | 44,547             | 40,378              | 4,169                              |
| General insurance                          | 98,808             | 98,808             | 92,004              | 6,804                              |
| Public safety:                             |                    |                    |                     |                                    |
| Police                                     | 4,483,425          | 4,495,071          | 4,188,305           | 306,766                            |
| Fire and EMS                               | 1,380,520          | 1,378,497          | 1,223,492           | 155,005                            |
| Public works:                              |                    |                    |                     |                                    |
| Administration                             | 1,008,037          | 1,014,215          | 958,602             | 55,613                             |
| Building maintenance                       | 332,692            | 349,932            | 290,080             | 59,852                             |
| Engineering and building                   | 235,940            | 235,940            | 173,361             | 62,579                             |
| Motor vehicle pool                         | 193,822            | 266,267            | 98,028              | 168,239                            |
| Community and economic development -       |                    |                    |                     |                                    |
| Community development                      | 248,192            | 248,192            | 187,967             | 60,225                             |
| Recreation and culture:                    |                    |                    |                     |                                    |
| Recreation                                 | 537,857            | 659,991            | 547,929             | 112,062                            |
| Parks                                      | 79,554             | 79,554             | 50,563              | 28,991                             |
| <b>Total expenditures</b>                  | <b>10,509,465</b>  | <b>10,830,305</b>  | <b>9,713,467</b>    | <b>1,116,838</b>                   |
| <b>Excess of Expenditures Over Revenue</b> | <b>(2,585,365)</b> | <b>(2,736,783)</b> | <b>(1,702,193)</b>  | <b>1,034,590</b>                   |
| <b>Other Financing Sources (Uses)</b>      |                    |                    |                     |                                    |
| Transfers in                               | 2,675,000          | 2,675,000          | 2,025,000           | (650,000)                          |
| Transfers out                              | (87,600)           | (87,600)           | (87,600)            | -                                  |
| <b>Total other financing sources</b>       | <b>2,587,400</b>   | <b>2,587,400</b>   | <b>1,937,400</b>    | <b>(650,000)</b>                   |
| <b>Net Change in Fund Balance</b>          | <b>2,035</b>       | <b>(149,383)</b>   | <b>235,207</b>      | <b>384,590</b>                     |
| <b>Fund Balance - Beginning of year</b>    | <b>958,373</b>     | <b>958,373</b>     | <b>958,373</b>      | <b>-</b>                           |
| <b>Fund Balance - End of year</b>          | <b>\$ 960,408</b>  | <b>\$ 808,990</b>  | <b>\$ 1,193,580</b> | <b>\$ 384,590</b>                  |

**City of Riverview, Michigan**

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

**Year Ended June 30, 2017**

|  | Original<br>Budget | Amended<br>Budget | Actual            | Variance with<br>Amended<br>Budget |
|--|--------------------|-------------------|-------------------|------------------------------------|
| <b>Revenue</b>                               |                    |                   |                   |                                    |
| State and federal sources                    | \$ 582,226         | \$ 582,226        | \$ 560,794        | \$ (21,432)                        |
| Investment loss                              | -                  | -                 | (2)               | (2)                                |
| Total revenue                                | 582,226            | 582,226           | 560,792           | (21,434)                           |
| <b>Expenditures</b> - Current - Public works | 288,414            | 332,466           | 285,529           | 46,937                             |
| <b>Other Financing Uses</b> - Transfers out  | (292,500)          | (292,500)         | (280,397)         | 12,103                             |
| <b>Net Change in Fund Balance</b>            | 1,312              | (42,740)          | (5,134)           | 37,606                             |
| <b>Fund Balance</b> - Beginning of year      | 437,151            | 437,151           | 437,151           | -                                  |
| <b>Fund Balance</b> - End of year            | <u>\$ 438,463</u>  | <u>\$ 394,411</u> | <u>\$ 432,017</u> | <u>\$ 37,606</u>                   |

**City of Riverview, Michigan**

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

**Year Ended June 30, 2017**

|   | Original<br>Budget | Amended<br>Budget | Actual            | Variance with<br>Amended<br>Budget |
|---|--------------------|-------------------|-------------------|------------------------------------|
| <b>Revenue</b>                                |                    |                   |                   |                                    |
| Property taxes                                | \$ 221,595         | \$ 221,595        | \$ 224,337        | \$ 2,742                           |
| State and federal sources                     | 285,809            | 290,932           | 290,239           | (693)                              |
| Investment loss                               | -                  | -                 | (14)              | (14)                               |
| Total revenue                                 | 507,404            | 512,527           | 514,562           | 2,035                              |
| <b>Expenditures - Current - Public works</b>  | 747,030            | 1,416,174         | 938,242           | 477,932                            |
| <b>Excess of Expenditures Over Revenue</b>    | (239,626)          | (903,647)         | (423,680)         | 479,967                            |
| <b>Other Financing Sources - Transfers in</b> | 292,500            | 824,249           | 479,684           | (344,565)                          |
| <b>Net Change in Fund Balance</b>             | 52,874             | (79,398)          | 56,004            | 135,402                            |
| <b>Fund Balance - Beginning of year</b>       | 685,951            | 685,951           | 685,951           | -                                  |
| <b>Fund Balance - End of year</b>             | <u>\$ 738,825</u>  | <u>\$ 606,553</u> | <u>\$ 741,955</u> | <u>\$ 135,402</u>                  |

**June 30, 2017**

**Budgetary Information**

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

| General Fund   | Total Revenue       | Total Expenditures  | Fund Balance        |
|--|---------------------|---------------------|---------------------|
| Amounts per operating statement  | \$ 7,810,314        | \$ 9,768,984        | \$ 1,512,899        |
| 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 | (676,902)           | (933,379)           | (319,319)           |
| Add back reimbursements from other funds that are budgeted as revenue instead of net of expenditures   | 877,862             | 877,862             | -                   |
| Amounts per budget statement   | <u>\$ 8,011,274</u> | <u>\$ 9,713,467</u> | <u>\$ 1,193,580</u> |

**City of Riverview, Michigan**

**Required Supplemental Information  
Schedule of OPEB Funding Progress**

| Actuarial Valuation Date | Year Ended June 30            |                                       |                           |                              |                     |   |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|------------------------------|---------------------|---|
|                          | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (Percent) (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll |
| June 30, 2010            | \$ -                          | \$ 35,504,115                         | \$ 35,504,115             | -                            | \$ 4,765,874        | 744.97                                  |
| June 30, 2013            | -                             | 41,629,302                            | 41,629,302                | -                            | 3,895,516           | 1,068.65                                |
| June 30, 2016            | -                             | 42,226,967                            | 42,226,967                | -                            | 3,368,940           | 1,253.42                                |

# City of Riverview, Michigan

## Required Supplemental Information

### Schedule of Changes in the Net Pension Liability and Related Ratios

|   | <b>Last Four Fiscal Years</b> |                             |                             |                             |
|---|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <u>2017</u>                   | <u>2016</u>                 | <u>2015</u>                 | <u>2014</u>                 |
| <b>Total Pension Liability</b>  |                               |                             |                             |                             |
| Service cost  | \$ 539,931                    | \$ 507,352                  | \$ 544,571                  | \$ 567,439                  |
| Interest  | 2,623,193                     | 2,604,451                   | 2,543,261                   | 2,471,492                   |
| Differences between expected and actual experience                              | (422,115)                     | (677,798)                   | (97,837)                    | -                           |
| Benefit payments, including refunds   | <u>(2,276,987)</u>            | <u>(2,200,570)</u>          | <u>(2,110,468)</u>          | <u>(2,030,696)</u>          |
| <b>Net Change in Total Pension Liability</b>                                    | 464,022                       | 233,435                     | 879,527                     | 1,008,235                   |
| <b>Total Pension Liability - Beginning of year</b>                              | <u>35,806,056</u>             | <u>35,572,621</u>           | <u>34,693,094</u>           | <u>33,684,859</u>           |
| <b>Total Pension Liability - End of year</b>                                    | <b><u>\$ 36,270,078</u></b>   | <b><u>\$ 35,806,056</u></b> | <b><u>\$ 35,572,621</u></b> | <b><u>\$ 34,693,094</u></b> |
| <b>Plan Fiduciary Net Position</b>  |                               |                             |                             |                             |
| Contributions - Employer  | \$ 1,092,653                  | \$ 1,227,038                | \$ 1,377,176                | \$ 1,477,292                |
| Contributions - Member  | 149,335                       | 155,264                     | 164,844                     | 175,192                     |
| Net investment income   | 2,686,928                     | (131,050)                   | 1,486,481                   | 3,846,197                   |
| Benefit payments, including refunds   | (2,276,987)                   | (2,200,570)                 | (2,110,468)                 | (2,030,696)                 |
| Other   | <u>-</u>                      | <u>-</u>                    | <u>(90,576)</u>             | <u>-</u>                    |
| <b>Net Change in Plan Fiduciary Net Position</b>                                | 1,651,929                     | (949,318)                   | 827,457                     | 3,467,985                   |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                          | <u>28,491,506</u>             | <u>29,440,824</u>           | <u>28,613,367</u>           | <u>25,145,382</u>           |
| <b>Plan Fiduciary Net Position - End of year</b>                                | <b><u>\$ 30,143,435</u></b>   | <b><u>\$ 28,491,506</u></b> | <b><u>\$ 29,440,824</u></b> | <b><u>\$ 28,613,367</u></b> |
| <b>City's Net Pension Liability - Ending</b>                                    | <b><u>\$ 6,126,643</u></b>    | <b><u>\$ 7,314,550</u></b>  | <b><u>\$ 6,131,797</u></b>  | <b><u>\$ 6,079,727</u></b>  |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>   | 83.11 %                       | 79.57 %                     | 82.76 %                     | 82.48 %                     |
| <b>Covered Employee Payroll</b>   | \$ 2,933,126                  | \$ 3,139,326                | \$ 3,301,336                | \$ 3,995,805                |
| <b>City's Net Pension Liability as a Percentage of Covered Employee Payroll</b> | 208.88 %                      | 233.00 %                    | 185.74 %                    | 152.15 %                    |

**City of Riverview, Michigan**

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**Required Supplemental Information  
Schedule of Pension Investment Returns**

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**Last Four Fiscal Years  
Year Ended June 30**

|   | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 9.87 %      | (0.40)%     | 5.20 %      | 15.80 %     |





**City of Riverview, Michigan**

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

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

|                                 | <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> | <u>2008</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Local 324 required contribution | \$ 301,808  | \$ 278,817  | \$ 231,895  | \$ 211,351  | \$ 157,968  | \$ 164,309  | \$ 130,330  | \$ 101,246  | \$ 73,925   | \$ 63,210   |

**Notes to Schedule of Contributions**

Required contributions for the Local 324 Pension Plan are calculated based on hours worked and hourly contribution rates.

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## Other Supplemental Information

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# 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 |
| <b>Assets</b>  |                                   |                               |                    |                    |                                   |
| Cash and investments   | \$ 33,074                         | \$ 411,813                    | \$ 61,773          | \$ 63,341          | \$ 27,494                         |
| Receivables:   |                                   |                               |                    |                    |                                   |
| Property taxes receivable  | -                                 | -                             | 532                | -                  | -                                 |
| Due from other governments   | 148,288                           | -                             | -                  | -                  | -                                 |
| Due from other funds   | 80,391                            | -                             | -                  | -                  | -                                 |
| Prepaid expenses and other assets  | -                                 | 215                           | -                  | -                  | -                                 |
| Restricted assets  | -                                 | -                             | -                  | -                  | 225,100                           |
| <b>Total assets</b>  | <b>\$ 261,753</b>                 | <b>\$ 412,028</b>             | <b>\$ 62,305</b>   | <b>\$ 63,341</b>   | <b>\$ 252,594</b>                 |
| <b>Liabilities</b>   |                                   |                               |                    |                    |                                   |
| Accounts payable   | \$ 39,446                         | \$ -                          | \$ -               | \$ -               | \$ -                              |
| Due to other funds   | 112,381                           | -                             | -                  | -                  | -                                 |
| <b>Total liabilities</b>   | <b>151,827</b>                    | <b>-</b>                      | <b>-</b>           | <b>-</b>           | <b>-</b>                          |
| <b>Deferred Inflows of Resources - Unavailable revenue</b>                 | <b>102,839</b>                    | <b>-</b>                      | <b>-</b>           | <b>-</b>           | <b>-</b>                          |
| <b>Total liabilities and deferred inflows of resources</b>                 | <b>254,666</b>                    | <b>-</b>                      | <b>-</b>           | <b>-</b>           | <b>-</b>                          |
| <b>Fund Balances</b>   |                                   |                               |                    |                    |                                   |
| Nonspendable   | -                                 | 215                           | -                  | -                  | -                                 |
| Restricted:  |                                   |                               |                    |                    |                                   |
| Police   | -                                 | 411,813                       | -                  | -                  | -                                 |
| Debt service   | -                                 | -                             | -                  | -                  | 27,494                            |
| Capital projects   | -                                 | -                             | -                  | -                  | 225,100                           |
| CDBG   | 7,087                             | -                             | -                  | -                  | -                                 |
| Assigned:  |                                   |                               |                    |                    |                                   |
| Debt service   | -                                 | -                             | 62,305             | 63,341             | -                                 |
| Capital projects   | -                                 | -                             | -                  | -                  | -                                 |
| <b>Total fund balances</b>   | <b>7,087</b>                      | <b>412,028</b>                | <b>62,305</b>      | <b>63,341</b>      | <b>252,594</b>                    |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 261,753</b>                 | <b>\$ 412,028</b>             | <b>\$ 62,305</b>   | <b>\$ 63,341</b>   | <b>\$ 252,594</b>                 |

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2017

| <u>Capital Project Funds</u>             |   |                              |  |
|--|---|------------------------------|--|
| <u>Parks and Recreation Construction</u> | <u>Capital Improvements and Equipment</u> | <u>Development Revolving</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ 16,123                                | \$ -                                      | \$ 16,450                    | \$ 630,068                               |
| -  | -   | -                            | 532                                      |
| -  | -   | -                            | 148,288                                  |
| -  | 410,247                                   | -                            | 490,638                                  |
| -  | -   | -                            | 215                                      |
| -  | -   | -                            | 225,100                                  |
| <b><u>\$ 16,123</u></b>                  | <b><u>\$ 410,247</u></b>                  | <b><u>\$ 16,450</u></b>      | <b><u>\$ 1,494,841</u></b>               |
| \$ -                                     | \$ 40,508                                 | \$ -                         | \$ 79,954                                |
| -  | 232,658                                   | -                            | 345,039                                  |
| -  | 273,166                                   | -                            | 424,993                                  |
| -  | -   | -                            | 102,839                                  |
| -  | 273,166                                   | -                            | 527,832                                  |
| -  | -   | -                            | 215                                      |
| -  | -   | -                            | 411,813                                  |
| -  | -   | -                            | 27,494                                   |
| -  | -   | -                            | 225,100                                  |
| -  | -   | -                            | 7,087                                    |
| -  | -   | -                            | 125,646                                  |
| 16,123                                   | 137,081                                   | 16,450                       | 169,654                                  |
| 16,123                                   | 137,081                                   | 16,450                       | 967,009                                  |
| <b><u>\$ 16,123</u></b>                  | <b><u>\$ 410,247</u></b>                  | <b><u>\$ 16,450</u></b>      | <b><u>\$ 1,494,841</u></b>               |

# 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 |
| <b>Revenue</b>                                     |                                   |                               |                    |                    |                                   |
| Property taxes                                     | \$ -                              | \$ -                          | \$ -               | \$ -               | \$ 819,645                        |
| State and federal sources:                         |                                   |                               |                    |                    |                                   |
| Federal grants                                     | 158,072                           | 34,600                        | -                  | -                  | -                                 |
| State sources                                      | -                                 | 71,937                        | -                  | -                  | -                                 |
| Investment loss                                    | -                                 | -                             | (65)               | (43)               | -                                 |
| Other revenue - Miscellaneous income               | -                                 | 1,200                         | -                  | -                  | -                                 |
| <b>Total revenue</b>                               | <b>158,072</b>                    | <b>107,737</b>                | <b>(65)</b>        | <b>(43)</b>        | <b>819,645</b>                    |
| <b>Expenditures</b>                                |                                   |                               |                    |                    |                                   |
| Current services:                                  |                                   |                               |                    |                    |                                   |
| Public safety                                      | -                                 | 76,646                        | -                  | -                  | -                                 |
| Community and economic development                 | 109,955                           | -                             | -                  | -                  | -                                 |
| Capital outlay                                     | -                                 | -                             | -                  | -                  | -                                 |
| Debt service:                                      |                                   |                               |                    |                    |                                   |
| Principal  | -                                 | -                             | -                  | -                  | 600,000                           |
| Interest on long-term debt                         | -                                 | -                             | -                  | -                  | 191,250                           |
| <b>Total expenditures</b>                          | <b>109,955</b>                    | <b>76,646</b>                 | <b>-</b>           | <b>-</b>           | <b>791,250</b>                    |
| <b>Excess of Revenue Over (Under) Expenditures</b> | <b>48,117</b>                     | <b>31,091</b>                 | <b>(65)</b>        | <b>(43)</b>        | <b>28,395</b>                     |
| <b>Other Financing Sources (Uses)</b>              |                                   |                               |                    |                    |                                   |
| Transfers in                                       | -                                 | -                             | -                  | -                  | -                                 |
| Transfers out                                      | -                                 | -                             | -                  | -                  | (253,074)                         |
| <b>Total other financing (uses) sources</b>        | <b>-</b>                          | <b>-</b>                      | <b>-</b>           | <b>-</b>           | <b>(253,074)</b>                  |
| <b>Net Change in Fund Balances</b>                 | <b>48,117</b>                     | <b>31,091</b>                 | <b>(65)</b>        | <b>(43)</b>        | <b>(224,679)</b>                  |
| <b>Fund Balances - Beginning of year</b>           | <b>(41,030)</b>                   | <b>380,937</b>                | <b>62,370</b>      | <b>63,384</b>      | <b>477,273</b>                    |
| <b>Fund Balances - End of year</b>                 | <b>\$ 7,087</b>                   | <b>\$ 412,028</b>             | <b>\$ 62,305</b>   | <b>\$ 63,341</b>   | <b>\$ 252,594</b>                 |

Other Supplemental Information  
Combining Statement of Revenue, Expenditures, and Changes in Fund  
Balances  
Nonmajor Governmental Funds

Year Ended June 30, 2017

| Capital Project Funds                   |   |                          |  |
|---|---|--------------------------|--|
| Parks and<br>Recreation<br>Construction | Capital<br>Improvements<br>and<br>Equipment | Development<br>Revolving | Total<br>Nonmajor<br>Governmental<br>Funds |
| \$ -                                    | \$ -  | \$ -                     | \$ 819,645                                 |
| -                                       | -   | -                        | 192,672                                    |
| -                                       | -   | -                        | 71,937                                     |
| (16)                                    | (173)                                       | -                        | (297)                                      |
| -                                       | -   | -                        | 1,200                                      |
| (16)                                    | (173)                                       | -                        | 1,085,157                                  |
| -                                       | -   | -                        | 76,646                                     |
| -                                       | -   | -                        | 109,955                                    |
| -                                       | 441,892                                     | -                        | 441,892                                    |
| -                                       | 128,754                                     | -                        | 728,754                                    |
| -                                       | 7,205                                       | -                        | 198,455                                    |
| -                                       | 577,851                                     | -                        | 1,555,702                                  |
| (16)                                    | (578,024)                                   | -                        | (470,545)                                  |
| -                                       | 640,681                                     | -                        | 640,681                                    |
| -                                       | -   | -                        | (253,074)                                  |
| -                                       | 640,681                                     | -                        | 387,607                                    |
| (16)                                    | 62,657                                      | -                        | (82,938)                                   |
| 16,139                                  | 74,424                                      | 16,450                   | 1,049,947                                  |
| <b>\$ 16,123</b>                        | <b>\$ 137,081</b>                           | <b>\$ 16,450</b>         | <b>\$ 967,009</b>                          |

Other Supplemental Information  
Combining Statement of Net Position  
Nonmajor Enterprise Funds

June 30, 2017

|   | Golf Course         | Golf Practice       | Total Nonmajor<br>Enterprise<br>Funds |
|---|---------------------|---------------------|---------------------------------------|
| <b>Assets</b>                                   |                     |                     |                                       |
| Current assets:                                 |                     |                     |                                       |
| Cash and investments                            | \$ -                | \$ 61,503           | \$ 61,503                             |
| Inventory                                       | 19,622              | -                   | 19,622                                |
| Total current assets                            | 19,622              | 61,503              | 81,125                                |
| Noncurrent assets -                             |                     |                     |                                       |
| Capital assets:                                 |                     |                     |                                       |
| Assets not subject to depreciation              | -                   | 691,901             | 691,901                               |
| Assets subject to depreciation                  | 1,168,745           | 848,235             | 2,016,980                             |
| Total noncurrent assets                         | 1,168,745           | 1,540,136           | 2,708,881                             |
| Total assets                                    | 1,188,367           | 1,601,639           | 2,790,006                             |
| <b>Deferred Outflows of Resources - Pension</b> | 10,202              | 1,133               | 11,335                                |
| <b>Liabilities</b>                              |                     |                     |                                       |
| Current liabilities:                            |                     |                     |                                       |
| Accounts payable                                | 27,342              | 2,202               | 29,544                                |
| Accrued liabilities and other                   | 34,474              | 1,989               | 36,463                                |
| Total current liabilities                       | 61,816              | 4,191               | 66,007                                |
| Noncurrent liabilities:                         |                     |                     |                                       |
| Advances from other funds                       | 870,782             | -                   | 870,782                               |
| Net pension liability                           | 53,520              | 5,944               | 59,464                                |
| Net OPEB obligation                             | 776,574             | 88,358              | 864,932                               |
| Total noncurrent liabilities                    | 1,700,876           | 94,302              | 1,795,178                             |
| Total liabilities                               | 1,762,692           | 98,493              | 1,861,185                             |
| <b>Deferred Inflows of Resources - Pension</b>  | 2,569               | 285                 | 2,854                                 |
| <b>Net Position</b>                             |                     |                     |                                       |
| Net investment in capital assets                | 1,168,745           | 1,540,136           | 2,708,881                             |
| Unrestricted                                    | (1,735,437)         | (36,142)            | (1,771,579)                           |
| Total net position                              | <b>\$ (566,692)</b> | <b>\$ 1,503,994</b> | <b>\$ 937,302</b>                     |

**City of Riverview, Michigan**

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**

**Year Ended June 30, 2017**

|   | <u>Golf Course</u>         | <u>Golf Practice</u>       | <u>Total Nonmajor<br/>Enterprise<br/>Funds</u> |
|---|----------------------------|----------------------------|--|
| <b>Operating Revenue</b>                      |                            |                            |  |
| Greens fees                                   | \$ 715,612                 | \$ 7,655                   | \$ 723,267                                     |
| Equipment rentals                             | 124,923                    | 68,134                     | 193,057  |
| Miscellaneous revenue                         | 200,026                    | -                          | 200,026  |
| Total operating revenue                       | <u>1,040,561</u>           | <u>75,789</u>              | <u>1,116,350</u>                               |
| <b>Operating Expenses</b>                     |                            |                            |  |
| Operations and maintenance                    | 607,992                    | 55,767                     | 663,759  |
| Supplies                                      | 203,632                    | 5,344                      | 208,976  |
| Other services and charges                    | 354,021                    | 27,703                     | 381,724  |
| Depreciation                                  | 159,012                    | 104,423                    | 263,435  |
| Total operating expenses                      | <u>1,324,657</u>           | <u>193,237</u>             | <u>1,517,894</u>                               |
| <b>Operating Loss</b>                         | (284,096)                  | (117,448)                  | (401,544)                                      |
| <b>Nonoperating Expense</b> - Investment loss | <u>(4,941)</u>             | <u>(38)</u>                | <u>(4,979)</u>                                 |
| <b>Change in Net Position</b>                 | (289,037)                  | (117,486)                  | (406,523)                                      |
| <b>Net Position</b> - Beginning of year       | <u>(277,655)</u>           | <u>1,621,480</u>           | <u>1,343,825</u>                               |
| <b>Net Position</b> - End of year             | <u><u>\$ (566,692)</u></u> | <u><u>\$ 1,503,994</u></u> | <u><u>\$ 937,302</u></u>                       |



**Other Supplemental Information  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds**

**June 30, 2017**

|  | Golf Course         | Golf Practice      | Total               |
|--|---------------------|--------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                    |                     |                    |                     |
| Receipts from customers  | \$ 1,040,561        | \$ 75,789          | \$ 1,116,350        |
| Payments to suppliers  | (570,086)           | (31,825)           | (601,911)           |
| Payments to employees  | (653,092)           | (61,371)           | (714,463)           |
| Net cash used in operating activities  | (182,617)           | (17,407)           | (200,024)           |
| <b>Cash Flows from Noncapital Financing Activities -</b>                       |                     |                    |                     |
| Loans received from other funds  | 264,902             | -                  | 264,902             |
| <b>Cash Flows from Capital and Related Financing Activities</b>                |                     |                    |                     |
| Purchase of capital assets   | (18,713)            | -                  | (18,713)            |
| Principal and interest paid on capital debt                                    | (63,572)            | -                  | (63,572)            |
| Net cash and cash equivalents used in capital and related financing activities | (82,285)            | -                  | (82,285)            |
| <b>Net Decrease in Cash and Cash Equivalents</b>                               | -                   | (17,407)           | (17,407)            |
| <b>Cash and Cash Equivalents - Beginning of year</b>                           | -                   | 45,280             | 45,280              |
| <b>Cash and Cash Equivalents - End of year</b>                                 | <u>\$ -</u>         | <u>\$ 27,873</u>   | <u>\$ 27,873</u>    |
| <b>Statement of Net Position Classification of Cash and Cash Equivalents</b>   |                     |                    |                     |
| Cash and investments   | \$ -                | \$ 61,503          | \$ 61,503           |
| Less amounts classified as investments   | -                   | (33,630)           | (33,630)            |
| Total cash and cash equivalents  | <u>\$ -</u>         | <u>\$ 27,873</u>   | <u>\$ 27,873</u>    |
| <b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>  |                     |                    |                     |
| Operating loss   | \$ (284,096)        | \$ (117,448)       | \$ (401,544)        |
| Adjustments to reconcile operating loss to net cash from operating activities: |                     |                    |                     |
| Depreciation and amortization  | 159,012             | 104,423            | 263,435             |
| Changes in assets and liabilities:   |                     |                    |                     |
| Inventories  | 6,921               | -                  | 6,921               |
| Accounts payable   | (19,354)            | 1,222              | (18,132)            |
| Net pension or OPEB liability  | (112,049)           | (11,551)           | (123,600)           |
| Deferrals related to pension or OPEB   | 60,169              | 6,686              | 66,855              |
| Accrued and other liabilities  | 6,780               | (739)              | 6,041               |
| Total adjustments  | 101,479             | 100,041            | 201,520             |
| Net cash used in operating activities  | <u>\$ (182,617)</u> | <u>\$ (17,407)</u> | <u>\$ (200,024)</u> |

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

**June 30, 2017**

|  | Self-Insurance<br>Fund | Retiree<br>Healthcare | Total Internal<br>Service Funds |
|--|------------------------|-----------------------|---------------------------------|
| <b>Assets - Current assets</b>           |                        |                       |                                 |
| Cash and investments                     | \$ 45,797              | \$ 318,081            | \$ 363,878                      |
| Due from other funds                     | 538,688                | 37,729                | 576,417                         |
| Prepaid expenses and other assets        | -                      | 46,744                | 46,744                          |
| Deposits                                 | 251,867                | -                     | 251,867                         |
| Total assets                             | 836,352                | 402,554               | 1,238,906                       |
| <b>Liabilities - Current liabilities</b> |                        |                       |                                 |
| Accounts payable                         | -                      | 52,248                | 52,248                          |
| Provision for claims                     | 130,853                | -                     | 130,853                         |
| Total current liabilities                | 130,853                | 52,248                | 183,101                         |
| <b>Net Position - Unrestricted</b>       | <b>\$ 705,499</b>      | <b>\$ 350,306</b>     | <b>\$ 1,055,805</b>             |

**City of Riverview, Michigan**

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

**Year Ended June 30, 2017**

|  | Self-Insurance<br>Fund   | Retiree<br>Healthcare    | Total Internal<br>Service Funds |
|--|--------------------------|--------------------------|---------------------------------|
| <b>Operating Revenue - Charges for services</b>        | \$ 801,448               | \$ 1,414,707             | \$ 2,216,155                    |
| <b>Operating Expenses - Other services and charges</b> | 423,951                  | 1,380,426                | 1,804,377                       |
| <b>Operating Income</b>                                | 377,497                  | 34,281                   | 411,778                         |
| <b>Nonoperating Expense - Investment loss</b>          | (3)                      | -                        | (3)                             |
| <b>Change in Net Position</b>                          | 377,494                  | 34,281                   | 411,775                         |
| <b>Net Position - Beginning of year</b>                | 328,005                  | 316,025                  | 644,030                         |
| <b>Net Position - End of year</b>                      | <u><u>\$ 705,499</u></u> | <u><u>\$ 350,306</u></u> | <u><u>\$ 1,055,805</u></u>      |

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

**Year Ended June 30, 2017**

|  | Self-Insurance<br>Fund | Retiree<br>Healthcare | Total Internal<br>Service Funds |
|--|------------------------|-----------------------|---------------------------------|
| <b>Cash Flows from Operating Activities</b>  |                        |                       |                                 |
| Receipts from interfund services and reimbursements  | \$ 402,488             | \$ 1,431,612          | \$ 1,834,100                    |
| Claims paid  | (356,691)              | (1,353,452)           | (1,710,143)                     |
| <b>Net Increase in Cash and Cash Equivalents - Net cash provided by operating activities</b> | 45,797                 | 78,160                | 123,957                         |
| <b>Cash and Cash Equivalents - Beginning of year</b>   | -                      | 239,921               | 239,921                         |
| <b>Cash and Cash Equivalents - End of year</b>   | <b>\$ 45,797</b>       | <b>\$ 318,081</b>     | <b>\$ 363,878</b>               |
| <b>Balance Sheet Classification of Cash and Cash Equivalents - Cash and investments</b>      | <b>\$ 45,797</b>       | <b>\$ 318,081</b>     | <b>\$ 363,878</b>               |
| <b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>              |                        |                       |                                 |
| Operating income   | \$ 377,497             | \$ 34,281             | \$ 411,778                      |
| Adjustments to reconcile operating income to net cash from operating activities -            |                        |                       |                                 |
| Changes in assets and liabilities:   |                        |                       |                                 |
| Due to and from other funds  | (398,960)              | 16,905                | (382,055)                       |
| Estimated claims liability   | 67,260                 | 26,974                | 94,234                          |
| Total adjustments  | (331,700)              | 43,879                | (287,821)                       |
| Net cash and cash equivalents provided by operating activities                               | <b>\$ 45,797</b>       | <b>\$ 78,160</b>      | <b>\$ 123,957</b>               |

Other Supplemental Information  
Statement of Assets and Liabilities  
Agency Funds

**June 30, 2017**

|                                  | Special Tax       | Inspection        | Total Agency<br>Funds |
|----------------------------------|-------------------|-------------------|-----------------------|
| <b>Assets</b>                    |                   |                   |                       |
| Cash and cash equivalents        | \$ 62,153         | \$ 116,280        | \$ 178,433            |
| Receivables                      | 173,959           | -                 | 173,959               |
| Total assets                     | <b>\$ 236,112</b> | <b>\$ 116,280</b> | <b>\$ 352,392</b>     |
| <b>Liabilities</b>               |                   |                   |                       |
| Due to other governmental units  | \$ 236,112        | \$ -              | \$ 236,112            |
| Refundable deposits, bonds, etc. | -                 | 116,280           | 116,280               |
| Total liabilities                | <b>\$ 236,112</b> | <b>\$ 116,280</b> | <b>\$ 352,392</b>     |

Other Supplemental Information  
Combining Balance Sheet  
Activities Reported in General Fund

June 30, 2017

|                                    | Rubbish          | Cable TV          | Library          | Total Activities<br>Reported in<br>the<br>General Fund |
|------------------------------------|------------------|-------------------|------------------|--|
| <b>Assets</b>                      |                  |                   |                  |  |
| Cash and investments               | \$ 65,112        | \$ 229,632        | \$ 68,194        | \$ 362,938   |
| Receivables:                       |                  |                   |                  |  |
| Other receivables                  | -                | -                 | 10,725           | 10,725   |
| Due from other governments         | -                | -                 | 4,112            | 4,112  |
| Prepaid expenses and other assets  | -                | 39                | 117              | 156  |
| Total assets                       | <b>\$ 65,112</b> | <b>\$ 229,671</b> | <b>\$ 83,148</b> | <b>\$ 377,931</b>                                      |
| <b>Liabilities</b>                 |                  |                   |                  |  |
| Accounts payable                   | \$ 498           | \$ 18,504         | \$ 25,328        | \$ 44,330  |
| Due to other funds                 | -                | -                 | 62               | 62   |
| Accrued liabilities and other      | -                | 4,511             | 9,709            | 14,220   |
| Total liabilities                  | 498              | 23,015            | 35,099           | 58,612   |
| <b>Fund Balance</b>                |                  |                   |                  |  |
| Nonspendable                       | -                | 39                | 117              | 156  |
| Assigned                           | 64,614           | 206,617           | 47,932           | 319,163  |
| Total fund balance                 | 64,614           | 206,656           | 48,049           | 319,319  |
| Total liabilities and fund balance | <b>\$ 65,112</b> | <b>\$ 229,671</b> | <b>\$ 83,148</b> | <b>\$ 377,931</b>                                      |

**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, 2017**

|  | Rubbish          | Cable TV          | Library          | Total Activities<br>Reported in<br>the<br>General Fund |
|--|------------------|-------------------|------------------|--|
| <b>Revenue</b>                                     |                  |                   |                  |  |
| Property taxes                                     | \$ -             | \$ -              | \$ 239,366       | \$ 239,366   |
| State and federal sources                          | -                | -                 | 19,932           | 19,932   |
| Licenses and permits                               | -                | 390,261           | -                | 390,261  |
| Investment loss                                    | -                | (7)               | (117)            | (124)  |
| Other revenue                                      | 6,534            | -                 | 20,933           | 27,467   |
| Total revenue                                      | 6,534            | 390,254           | 280,114          | 676,902  |
| <b>Expenditures - Current services</b>             |                  |                   |                  |  |
| General government                                 | -                | 244,357           | -                | 244,357  |
| Public works                                       | 345,539          | -                 | -                | 345,539  |
| Recreation and culture                             | -                | -                 | 343,483          | 343,483  |
| Total expenditures                                 | 345,539          | 244,357           | 343,483          | 933,379  |
| <b>Excess of Revenue (Under) Over Expenditures</b> | (339,005)        | 145,897           | (63,369)         | (256,477)  |
| <b>Other Financing Sources (Uses)</b>              |                  |                   |                  |  |
| Transfers in                                       | 339,005          | -                 | 87,600           | 426,605  |
| Transfers out                                      | -                | (175,000)         | -                | (175,000)  |
| Total other financing sources (uses)               | 339,005          | (175,000)         | 87,600           | 251,605  |
| <b>Net Change in Fund Balance</b>                  | -                | (29,103)          | 24,231           | (4,872)  |
| <b>Fund Balance - Beginning of year</b>            | 64,614           | 235,759           | 23,818           | 324,191  |
| <b>Fund Balance - End of year</b>                  | <b>\$ 64,614</b> | <b>\$ 206,656</b> | <b>\$ 48,049</b> | <b>\$ 319,319</b>                                      |