

# **City of Riverview, Michigan**

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**Financial Report  
with Supplemental Information  
June 30, 2014**

# **City of Riverview, Michigan**

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# **City of Riverview, Michigan**

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## Independent Auditor's Report

To the City Council  
City of Riverview, Michigan

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

We have audited the accompanying financial statements of the 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, 2014 and the related notes to the financial statements, which collectively comprise the City of Riverview, Michigan's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2014 and the respective changes in its financial position and, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the City Council  
City of Riverview, Michigan

***Emphasis of Matter***

As discussed in Note 15 to the basic financial statements, during the year ended June 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. As a result, the governmental funds now report deferred inflows for revenues that are not collected soon enough to be available for operations. In addition, the pension trust fund now includes substantially different note disclosures and required supplemental information. Our opinion is not modified with respect to these matters.

***Other Matters***

*Required Supplemental Information*

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

*Other Information*

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

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

*Plante & Moran, PLLC*

December 3, 2014

# **City of Riverview, Michigan**

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## **Management's Discussion and Analysis**

### **Overview of the Financial Statements**

The City of Riverview, Michigan's (the "City") 2014 annual financial report is presented in conformity with the requirements of GASB Statement No. 34, as it was in 2013. This annual report consists of four parts - management's discussion and analysis, the basic financial statements, required supplemental information, and other supplemental information. The basic financial statements include two kinds of statements that present different views of the City. The first two statements are government-wide financial statements that provide both short-term and long-term information about the City's status. The remaining statements are fund financial statements that focus on individual parts of the City's operations.

### **Government-wide Statements**

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

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

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

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

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

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

### **Fund Financial Statements**

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

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

# **City of Riverview, Michigan**

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

**Proprietary Funds** - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund reporting, like government-wide statements, provides both short- and long-term financial information.

**Fiduciary Funds** - The City is responsible for ensuring that the assets in these funds are used for their intended purposes. We exclude these activities from the government-wide financial statements because the City cannot use these assets to finance its operations.

### **Financial Highlights**

The financial report for the year ended June 30, 2014 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 18.

Assets of the City exceeded its liabilities at the end of the fiscal year by \$57,342,726 (net position), a decrease of \$1,839,685 from the previous year. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, decreased by \$1.38 million for governmental activities and \$1.00 million for business-type activities. The current level of unrestricted net position for the City as a whole stands at a deficit of \$10,993,349.

During the fiscal year that 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 revenues (excluding other financing sources and uses) of \$1,895,548. The Land Preserve Fund transferred \$2,273,153 to the General Fund (combined basis). The resulting impact is an increase in the General Fund (combined basis) fund balance to \$666,000. Of this amount, \$172,432 is unassigned, or 1.7 percent of General Fund (combined basis) expenditures.

In February 2004, the City issued \$7.6 million of General Obligation Limited Tax Bonds, with the proceeds designated for reconstruction and repair of various streets located throughout the City. The bonds were scheduled for repayment over the next 10 years, with funding being derived from the State of Michigan (Act 51 Road Funds), operating transfers from the Land Preserve Fund, and tax levies. The final payment on these bonds was made in November 2013. The project was completed by the end of fiscal year 2007.

# **City of Riverview, Michigan**

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

### **The City as a Whole**

The City's combined net position is \$57.3 million at June 30, 2014. Business-type activities make up \$37.1 million and governmental activities make up \$20.2 million of the total. The following table shows, in a condensed format, the net position as of June 30, 2014 and compared to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current assets	\$ 4.2	\$ 4.4	\$ 4.5	\$ 4.2	\$ 8.7	\$ 8.6
Noncurrent assets	26.2	27.9	80.4	80.4	106.6	108.3
Total assets	30.4	32.3	84.9	84.6	115.3	116.9
<b>Liabilities</b>						
Current liabilities	1.2	1.5	4.3	3.9	\$ 5.5	\$ 5.4
Long-term liabilities	9.0	8.4	43.6	44.0	52.6	52.4
Total liabilities	10.2	9.9	47.9	47.9	58.1	57.8
<b>Net Position</b>						
Net investment in capital assets	26.0	26.8	32.2	31.2	58.2	58.0
Restricted	1.4	1.4	8.7	8.4	10.1	9.8
Unrestricted	(7.2)	(5.8)	(3.8)	(2.9)	(11.0)	(8.7)
Total net position	<b>\$ 20.2</b>	<b>\$ 22.4</b>	<b>\$ 37.1</b>	<b>\$ 36.7</b>	<b>\$ 57.3</b>	<b>\$ 59.1</b>

As noted earlier, the City's assets exceed its liabilities at the end of the fiscal year by \$57.3 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.

Current and other assets have increased by approximately \$0.1 million from the prior year while current liabilities have increased \$0.1 million and long-term liabilities have increased by \$0.2 million. The increase in long-term liabilities is primarily due to the adoption of GASB Statement No. 45 in 2009, which led to the recording of additional net postemployment healthcare obligations totaling \$2,409,908 in 2014, as well as an increase in the landfill closure and post-closure liability in the amount of \$1,312,227. These increases were offset by continued reduction of long-term debt.

# City of Riverview, Michigan

## Management's Discussion and Analysis (Continued)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenue</b>						
Program revenue:						
Charges for services	\$ 0.9	\$ 1.1	\$ 17.9	\$ 16.5	\$ 18.8	\$ 17.6
Operating grants	0.9	0.9	-	-	0.9	0.9
Capital grants	-	-	-	-	-	-
General revenue:						
Property taxes	5.0	4.4	1.1	1.1	6.1	5.5
State-shared revenue	1.1	1.0	-	-	1.1	1.0
Cable, franchise, and right-of-way fees	0.4	0.3	-	-	0.4	0.3
Investment earnings	-	-	0.9	(0.2)	0.9	(0.2)
Other revenue	0.2	0.2	-	-	0.2	0.2
Gain on sale of capital assets	-	-	-	0.1	-	0.1
Transfers	2.6	3.6	(2.6)	(3.6)	-	-
Total revenue	11.1	11.5	17.3	13.9	28.4	25.4
<b>Program Expenses</b>						
General government	2.9	3.2	-	-	2.9	3.2
Public safety	6.4	6.8	-	-	6.4	6.8
Public works	2.6	2.7	-	-	2.6	2.7
Community and economic development	0.3	0.2	-	-	0.3	0.2
Recreation and cultural	1.1	0.9	-	-	1.1	0.9
Interest on long-term debt	-	-	-	-	-	-
Water and sewer	-	-	4.2	4.2	4.2	4.2
Land preserve	-	-	10.9	10.5	10.9	10.5
Golf course	-	-	1.6	1.5	1.6	1.5
Golf practice	-	-	0.2	0.2	0.2	0.2
Total program expenses	13.3	13.8	16.9	16.4	30.2	30.2
<b>Change in Net Position</b>	(2.2)	(2.3)	0.4	(2.5)	(1.8)	(4.8)
<b>Net Position - Beginning of year</b>	22.4	24.7	36.7	39.2	59.1	63.9
<b>Net Position - End of year</b>	<b>\$ 20.2</b>	<b>\$ 22.4</b>	<b>\$ 37.1</b>	<b>\$ 36.7</b>	<b>\$ 57.3</b>	<b>\$ 59.1</b>

Property taxes increased by \$0.6 million for the City as a whole, due to the City increasing the City operating tax levy by 2.0 mills. This increase represents use of nearly all the charter-authorized millage left available due to Headlee reductions.

Governmental expenses have decreased by \$0.5 million compared to last year, primarily due to continued reductions in staffing, as well as slight reductions in healthcare and pension costs. The City has been aggressively moving new employees to defined contribution retirement plans, as opposed to the defined benefit plans.

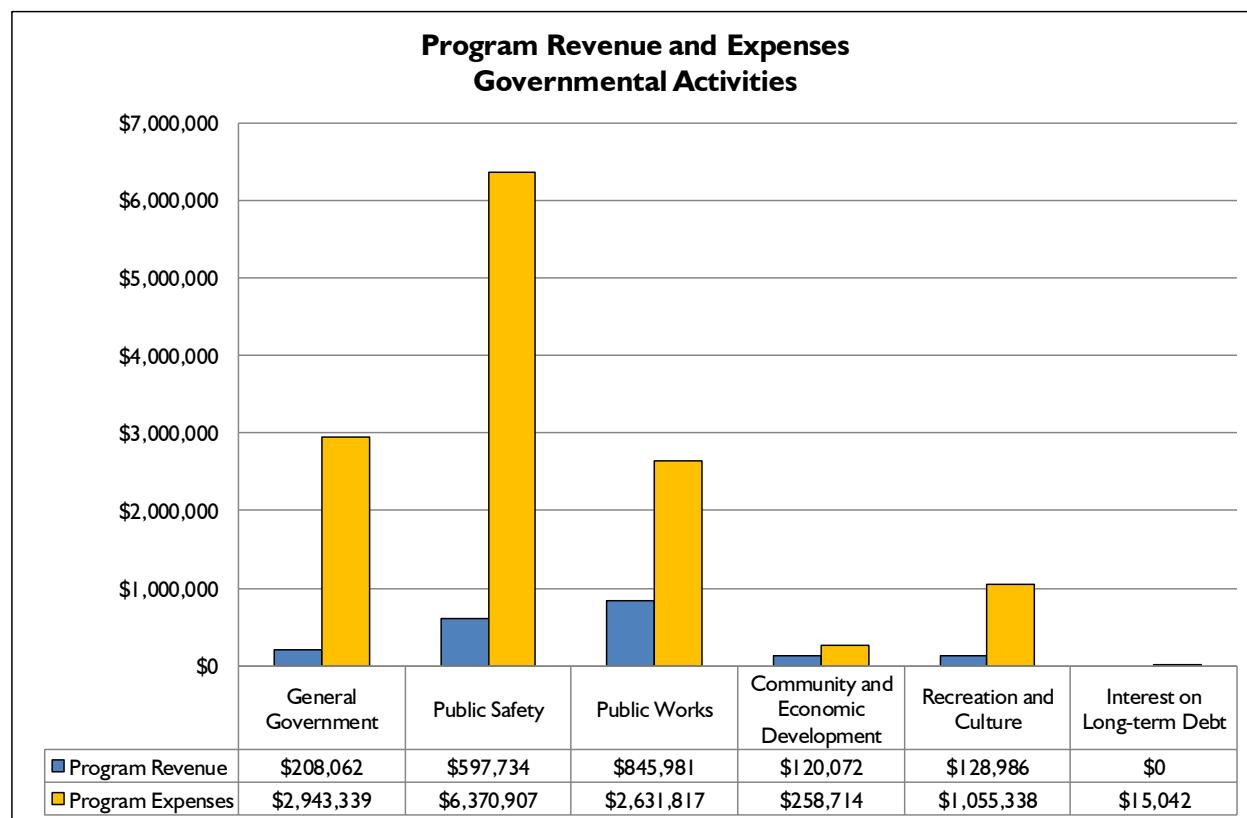
Land preserve expenses have increased \$0.4 million compared to last year, due to higher labor and fringes.

# **City of Riverview, Michigan**

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

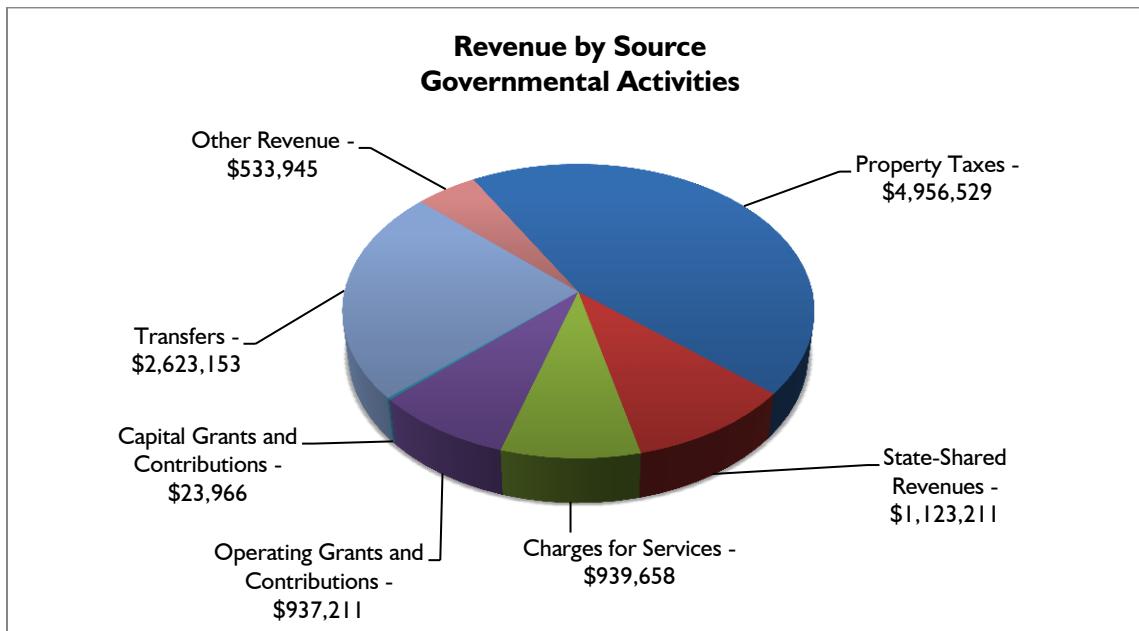
### **Governmental Activities**

For the year ended June 30, 2014, revenue for the City's governmental activities totaled \$11.1 million, a decrease of \$0.4 million from 2013. Property taxes increased by \$0.6 million, while operating transfers from enterprise funds decreased by \$1.0 million from 2013. State-shared revenue increased \$0.1 million from 2013 to \$1.1 million. This revenue continues to be a concern as to future funding levels as the State of Michigan revises its method of distributing funds to the municipalities and looks for ways to fund other priorities such as transportation funding.



# **City of Riverview, Michigan**

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



### **Business-type Activities**

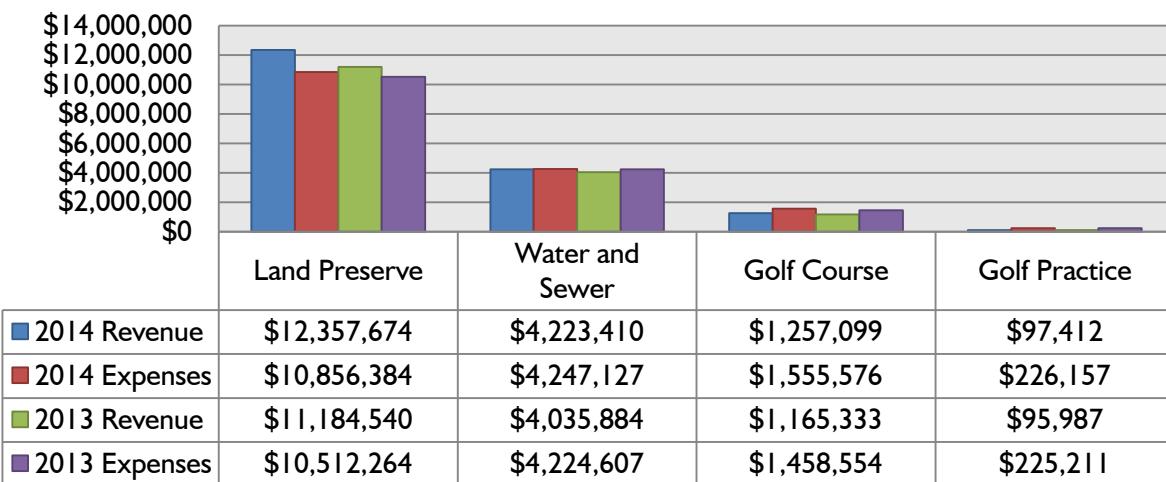
The City has four business-type activities: the water and sewer system, the golf course, the golf practice facility, and the land preserve. In total, these four activities generated \$17.9 million in charges for services and incurred \$19.6 million in expenses and transfers out in 2014, compared to \$16.5 million in charges for services and \$20.0 million in expenses and transfers out for 2013. The business-type activities net position increased \$0.3 million to \$37.0 million in 2014.

In addition, general revenue for business-type activities was approximately \$2.0 million in 2014, compared to \$1.0 million in 2013. Investment income went from (\$0.2) million in 2013 to \$0.9 million in 2014; this was primarily due to increases in market values on long-term investments at the land preserve. Property tax revenue was \$1.1 million, equal to the revenue in 2013; these property taxes are used to make payments on debt incurred for the sewer system improvements and decreased due to lower property taxable values.

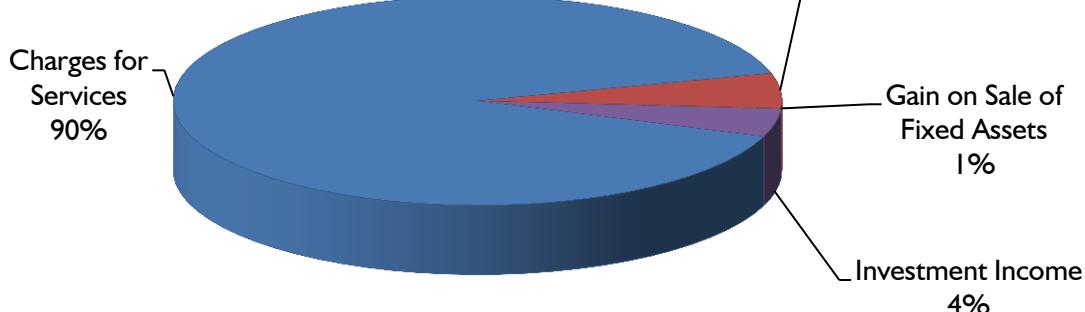
# **City of Riverview, Michigan**

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

### **Revenue and Expenses Business-type Activities**



### **Revenue by Source Business-type Activities**



At the end of fiscal year 2014, the City has \$167.2 million invested, before depreciation, in a wide range of capital assets, including land, building, public safety equipment, computer equipment, and water and sewer lines. Of that amount, approximately \$36.3 million, net of depreciation, relates to infrastructure.

Debt of \$0.1 million, related to the construction of the above-mentioned capital assets, is reported as a liability in the governmental activities in the statement of net position. As noted earlier, the City issued \$7.6 million of general obligation bonds in February 2004 to finance various street repairs across the City. This project was originally intended to be completed over a 10-year period, but with the proceeds from the bond issuance, the project was shortened to three years and was completed during fiscal year 2006-2007.

# **City of Riverview, Michigan**

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

Debt related to the water and sewer system totaling \$9.0 million is recorded as a liability in the business-type activities in the statement of net position. This debt represents improvements at the Wyandotte wastewater treatment plant that were mandated by a federal consent decree.

Debt related to capital lease obligations totaling \$1.0 million is recorded as a liability in the business-type activities in the statement of net position. The majority of this debt represents installment-type loans whose proceeds were used to purchase equipment for the land preserve.

### **The City's Funds**

The fund financial statements begin on page 15 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 2014 include the General Fund (combined basis) and the Major and Local Streets Funds.

The City's governmental funds reported a combined fund balance of \$2.6 million for this year, an increase of \$0.1 million over 2013. The General Fund fund balance increased approximately \$223,000 primarily due to higher property tax revenues. These higher revenues were used to offset retirement costs incurred during 2013; these retirements were originally expected to occur in 2014 and were budgeted as such.

In addition, the Major Streets Fund fund balance increased by \$99,239 and the Local Streets Fund fund balance decreased by \$71,235 primarily due to a reduction in maintenance needed, which offset a continued reduction in property tax revenue.

### **General Fund Budgetary Highlights**

Revenue for the General Fund increased from the original budget to the final budget by \$95,000, primarily due to an increase in the reimbursement from the City of Wyandotte for court revenues. Actual revenue was approximately \$184,000 below the final budget amounts; this was primarily due to lower ambulance billings and pending receipt of a parks grant.

Expenditures decreased from the original budget to the final budget by approximately \$90,000, primarily due to staffing vacancies that were not filled during the year. Actual expenses were approximately \$866,000 below the final budget, primarily due to lower staffing than was budgeted, along with lower pension costs for the General Fund. Included in the General Fund expenditures was a contribution to the pension system of approximately \$882,337 for its general members and police members.

# **City of Riverview, Michigan**

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

### **Current Economic Conditions**

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

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

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

# City of Riverview, Michigan

## Statement of Net Position June 30, 2014

	Primary Government			Component Unit - Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and investments (Note 3)	\$ 1,738,338	\$ 2,326,471	\$ 4,064,809	\$ 12,865
Receivables:				
Property taxes receivable	727	-	727	-
Customer sales	-	2,968,593	2,968,593	-
Other receivables	396,212	4,448	400,660	-
Due from other governmental units	571,889	-	571,889	-
Internal balances	944,072	(944,072)	-	-
Inventory	-	27,325	27,325	-
Prepaid expenses and other assets	123,421	128,749	252,170	-
Restricted assets (Note 5)	-	37,651,633	37,651,633	-
Investment in joint ventures (Note 13)	-	542,052	542,052	-
Deposits	434,759	-	434,759	-
Capital assets (Note 6):				
Assets not subject to depreciation	11,581,059	3,453,778	15,034,837	-
Assets subject to depreciation	14,602,472	38,800,175	53,402,647	-
Total assets	30,392,949	84,959,152	115,352,101	12,865
<b>Liabilities</b>				
Accounts payable	575,641	2,307,679	2,883,320	-
Checks issued in excess of available cash	-	1,872,882	1,872,882	-
Accrued liabilities and other	590,640	104,060	694,700	-
Unearned revenue	7,214	-	7,214	-
Noncurrent liabilities:				
Due within one year:				
Provision for claims (Note 9)	42,729	-	42,729	-
Current portion of long-term debt (Note 7)	125,000	2,484,389	2,609,389	-
Due in more than one year:				
Compensated absences (Note 7)	607,501	16,645	624,146	-
Landfill closure and postclosure (Note 5)	-	28,943,020	28,943,020	-
Net OPEB obligation (Note 11)	8,195,433	4,610,862	12,806,295	-
Long-term debt (Note 7)	-	7,525,680	7,525,680	-
Total liabilities	10,144,158	47,865,217	58,009,375	-
<b>Net Position</b>				
Net investment in capital assets	26,058,531	32,163,813	58,222,344	-
Restricted for:				
Streets	894,273	-	894,273	-
Land preserve closure and postclosure costs	-	7,367,874	7,367,874	-
Community development	52,998	-	52,998	-
Drug forfeiture	457,847	-	457,847	-
Water and sewer debt service	-	1,340,739	1,340,739	-
Unrestricted	(7,214,858)	(3,778,491)	(10,993,349)	12,865
Total net position	\$ 20,248,791	\$ 37,093,935	\$ 57,342,726	\$ 12,865

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

# City of Riverview, Michigan

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	Program Revenue							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions				
<b>Functions/Programs</b>								
Primary government:								
Governmental activities:								
General government	\$ 2,943,339	\$ 208,062	\$ -	\$ -				
Public safety	6,370,907	495,309	78,459	23,966				
Public works	2,631,817	127,087	718,894	-				
Community and economic development	258,714	21,756	98,316	-				
Recreation and culture	1,055,338	87,444	41,542	-				
Interest on long-term debt	15,042	-	-	-				
Total governmental activities	13,275,157	939,658	937,211	23,966				
Business-type activities:								
Water and sewer	4,247,127	4,223,410	-	-				
Land preserve	10,856,384	12,357,674	-	-				
Golf course	1,555,576	1,257,099	-	-				
Golf practice	226,157	97,412	-	-				
Total business-type activities	16,885,244	17,935,595	-	-				
Total primary government	<u>\$ 30,160,401</u>	<u>\$ 18,875,253</u>	<u>\$ 937,211</u>	<u>\$ 23,966</u>				
General revenue:								
Property taxes								
State-shared revenue								
Investment (loss) income								
Cable franchise fees								
Other miscellaneous income								
Gain on sale of fixed assets								
	Total general revenue							
<b>Transfers</b>								
<b>Change in Net Position</b>								
<b>Net Position</b> - Beginning of year								
<b>Net Position</b> - End of year								

**Statement of Activities**  
**Year Ended June 30, 2014**

Net (Expense) Revenue and Changes in Net Position			
Primary Government		Component Unit - Economic Development Corporation	
Governmental Activities	Business-type Activities	Total	
\$ (2,735,277)	\$ -	\$ (2,735,277)	\$ -
(5,773,173)	-	(5,773,173)	-
(1,785,836)	-	(1,785,836)	-
(138,642)	-	(138,642)	-
(926,352)	-	(926,352)	-
(15,042)	-	(15,042)	-
(11,374,322)	-	(11,374,322)	-
-	(23,717)	(23,717)	-
-	1,501,290	1,501,290	-
-	(298,477)	(298,477)	-
-	(128,745)	(128,745)	-
-	1,050,351	1,050,351	-
(11,374,322)	1,050,351	(10,323,971)	-
4,956,529	1,087,047	6,043,576	-
1,123,211	-	1,123,211	-
(2,560)	859,506	856,946	-
349,080	-	349,080	-
187,425	-	187,425	-
-	4,119	4,119	-
6,613,685	1,950,672	8,564,357	-
2,623,153	(2,623,153)	-	-
(2,137,484)	377,870	(1,759,614)	-
22,386,275	36,716,065	59,102,340	12,865
<b>\$ 20,248,791</b>	<b>\$ 37,093,935</b>	<b>\$ 57,342,726</b>	<b>\$ 12,865</b>

# City of Riverview, Michigan

## Governmental Funds Balance Sheet June 30, 2014

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
<b>Assets</b>					
Cash and investments (Note 3)	\$ 337,656	\$ 376,939	\$ 424,811	\$ 598,932	\$ 1,738,338
Receivables:					
Property taxes receivable	-	-	195	532	727
Other receivables	392,659	-	3,553	-	396,212
Due from other governmental units	450,548	74,588	32,407	14,346	571,889
Due from other funds (Note 4) (Note 4)	148,205	-	3,300	75	151,580
Advances to other funds	425,000	-	-	557,197	982,197
Prepaid expenses	48,168	-	-	-	48,168
Total assets	<b>\$ 1,802,236</b>	<b>\$ 451,527</b>	<b>\$ 464,266</b>	<b>\$ 1,171,082</b>	<b>\$ 3,889,111</b>
<b>Liabilities</b>					
Accounts payable	\$ 497,845	\$ 16,200	\$ 5,255	\$ 37,285	\$ 556,585
Due to other funds (Note 4)	50,337	-	-	65,467	115,804
Accrued liabilities and other	588,054	-	65	1,729	589,848
Unearned revenue	-	-	-	7,214	7,214
Total liabilities	1,136,236	16,200	5,320	111,695	1,269,451
<b>Deferred Inflows of Resources</b> -					
Unavailable revenue	-	-	-	23,981	23,981
<b>Fund Balances</b>					
Nonspendable:					
Prepays	48,168	-	-	-	48,168
Advances to funds	425,000	-	-	-	425,000
Restricted:					
Roads	-	435,327	458,946	-	894,273
Police	-	-	-	457,847	457,847
CDBG	-	-	-	29,017	29,017
Assigned:					
Library	18,856	-	-	-	18,856
Debt service	-	-	-	173,738	173,738
Capital projects	-	-	-	374,804	374,804
Rubbish	1,544	-	-	-	1,544
Unassigned	172,432	-	-	-	172,432
Total fund balances	<b>666,000</b>	<b>435,327</b>	<b>458,946</b>	<b>1,035,406</b>	<b>2,595,679</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 1,802,236</b>	<b>\$ 451,527</b>	<b>\$ 464,266</b>	<b>\$ 1,171,082</b>	<b>\$ 3,889,111</b>

# **City of Riverview, Michigan**

**Governmental Funds**  
**Reconciliation of the Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2014**

**Fund Balance Reported in Governmental Funds** \$ 2,595,679

Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	26,183,531
The net OPEB obligation is not due and payable in the current period and is not reported in the funds	(8,195,433)
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	23,981
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(125,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(792)
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	(607,501)
Internal Service Funds are included as part of governmental activities	374,326
<b>Net Position of Governmental Activities</b>	<b><u>\$ 20,248,791</u></b>

# City of Riverview, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	General Fund	Major Streets Fund	Local Streets Fund	Nonmajor Funds	Total
<b>Revenue</b>					
Property taxes	\$ 4,722,314	\$ -	\$ 220,545	\$ -	\$ 4,942,859
Licenses and permits	201,764	-	-	-	201,764
Federal grants	20,630	-	-	139,037	159,667
State sources	1,133,906	453,149	266,096	30,379	1,883,530
Charges for services	858,333	-	-	-	858,333
Investment (loss) income	(8,206)	39	246	5,352	(2,569)
Charges and other revenues	1,270,016	-	8,846	-	1,278,862
Total revenue	8,198,757	453,188	495,733	174,768	9,322,446
<b>Expenditures</b>					
Current:					
General government	1,893,275	-	-	749	1,894,024
Public safety	5,222,150	-	-	113,995	5,336,145
Public works	2,014,310	172,690	295,102	-	2,482,102
Community and economic development	160,580	-	-	93,274	253,854
Recreation and culture	803,990	-	-	-	803,990
Capital outlay	-	-	-	133,824	133,824
Debt service	-	-	853,125	132,063	985,188
Total expenditures	10,094,305	172,690	1,148,227	473,905	11,889,127
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(1,895,548)</b>	<b>280,498</b>	<b>(652,494)</b>	<b>(299,137)</b>	<b>(2,566,681)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in (Note 4)	2,273,153	-	581,259	105,000	2,959,412
Transfers out (Note 4)	(155,000)	(181,259)	-	-	(336,259)
Total other financing sources (uses)	2,118,153	(181,259)	581,259	105,000	2,623,153
<b>Net Change in Fund Balances</b>	<b>222,605</b>	<b>99,239</b>	<b>(71,235)</b>	<b>(194,137)</b>	<b>56,472</b>
<b>Fund Balances - Beginning of year</b>	<b>443,395</b>	<b>336,088</b>	<b>530,181</b>	<b>1,229,543</b>	<b>2,539,207</b>
<b>Fund Balances - End of year</b>	<b>\$ 666,000</b>	<b>\$ 435,327</b>	<b>\$ 458,946</b>	<b>\$ 1,035,406</b>	<b>\$ 2,595,679</b>

# **City of Riverview, Michigan**

## **Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2014**

**Net Change in Fund Balances - Total Governmental Funds** \$ 56,472

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	280,143
Depreciation expense	(1,983,003)
Proceeds from the sale of assets are recognized as revenue in the fund-based statements but the statement of activities reflects only the loss from the sale or transfer	(1,798)

Certain revenue from federal sources is deferred and will be recognized as revenue in the fund statements in future years (495)

Other postemployment benefit obligation is recognized in the statement of activities, but not in the governmental funds (1,533,025)

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 965,000

Interest expense is recorded when incurred in the statement of activities 5,146

Increase in accumulated employee sick and vacation pay is recorded when paid in the governmental funds (8,043)

Internal service funds are included as part of governmental activities 82,119

**Change in Net Position of Governmental Activities** \$ (2,137,484)

# City of Riverview, Michigan

## Proprietary Funds Statement of Net Position June 30, 2014

	Enterprise Funds				Governmental Activities Proprietary Internal Service Funds
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	
<b>Assets</b>					
Current assets:					
Cash and investments (Note 3)	\$ 2,326,471	\$ -	\$ -	\$ 2,326,471	\$ -
Receivables:					
Customers	983,428	1,985,165	-	2,968,593	-
Other	4,448	-	-	4,448	-
Due from other funds (Note 4)	107,552	8,924	-	116,476	63,364
Inventory	-	-	27,325	27,325	-
Prepaid and other assets	128,014	634	101	128,749	75,253
Deposit	-	-	-	-	434,759
Total current assets	3,549,913	1,994,723	27,426	5,572,062	573,376
Noncurrent assets:					
Restricted assets (Note 5)	1,340,739	36,310,894	-	37,651,633	-
Advances to other funds (Note 4)	-	2,160,706	115,878	2,276,584	24,267
Investment in joint ventures (Note 13)	542,052	-	-	542,052	-
Capital assets:					
Assets not subject to depreciation (Note 6)	-	2,761,877	691,901	3,453,778	-
Assets subject to depreciation (Note 6)	25,033,666	11,045,609	2,720,900	38,800,175	-
Total noncurrent assets	26,916,457	52,279,086	3,528,679	82,724,222	24,267
Total assets	30,466,370	54,273,809	3,556,105	88,296,284	597,643
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	302,406	1,921,317	83,956	2,307,679	19,056
Checks issued in excess of available cash	-	1,872,882	-	1,872,882	-
Due to other funds (Note 4)	152,870	62,746	-	215,616	-
Accrued liabilities and other	30,379	49,724	23,957	104,060	-
Provision for claims (Note 9)	-	-	-	-	42,729
Current portion of bonds payable (Note 7)	1,784,779	625,838	73,772	2,484,389	-
Total current liabilities	2,270,434	4,532,507	181,685	6,984,626	61,785
Noncurrent liabilities:					
Advances from other funds (Note 4)	2,160,706	693,689	267,121	3,121,516	161,532
Compensated absences (Note 7)	17,638	(993)	-	16,645	-
Landfill closure and postclosure (Note 5)	-	28,943,020	-	28,943,020	-
Net OPEB obligation (Note 11)	1,085,763	2,973,617	551,482	4,610,862	-
Bonds payable - Net of current portion (Note 7)	7,250,841	119,754	155,085	7,525,680	-
Total noncurrent liabilities	10,514,948	32,729,087	973,688	44,217,723	161,532
Total liabilities	12,785,382	37,261,594	1,155,373	51,202,349	223,317
<b>Net Position</b>					
Net investment in capital assets	15,998,046	13,061,894	3,183,944	32,243,884	-
Restricted:					
Land preserve closure and postclosure costs (Note 5)	-	7,367,874	-	7,367,874	-
Water and sewer debt service (Note 5)	1,340,739	-	-	1,340,739	-
Unrestricted	342,203	(3,417,553)	(783,212)	(3,858,562)	374,326
Total net position	<b>\$ 17,680,988</b>	<b>\$ 17,012,215</b>	<b>\$ 2,400,732</b>	<b>\$ 37,093,935</b>	<b>\$ 374,326</b>

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

# City of Riverview, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Position Year Ended June 30, 2014

	Enterprise Funds				Governmental Activities
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Internal Service Funds
<b>Operating Revenue</b>					
Customer billings	\$ 4,217,357	\$ -	\$ -	\$ 4,217,357	\$ -
Greens fees	-	-	641,152	641,152	-
Equipment rental	-	-	385,149	385,149	-
Charges for services	-	-	-	-	1,620,381
Miscellaneous revenue	6,053	293,159	328,210	627,422	-
Rubbish collections	-	12,064,515	-	12,064,515	-
 Total operating revenue	 4,223,410	 12,357,674	 1,354,511	 17,935,595	 1,620,381
<b>Operating Expenses</b>					
Cost of water and sewer	1,372,145	-	-	1,372,145	-
Operations and maintenance	1,031,538	4,306,700	972,669	6,310,907	-
Supplies	11,991	52,414	127,529	191,934	-
Other services and charges	379,716	4,078,885	348,875	4,807,476	1,538,271
Depreciation	1,169,648	2,399,248	332,660	3,901,556	-
 Total operating expenses	 3,965,038	 10,837,247	 1,781,733	 16,584,018	 1,538,271
<b>Operating Income (Loss)</b>	 258,372	 1,520,427	 (427,222)	 1,351,577	 82,110
<b>Nonoperating Revenue (Expense)</b>					
Property taxes - Sewage disposal system	1,087,047	-	-	1,087,047	-
Investment income	424,300	434,531	675	859,506	9
Interest expense	(282,089)	(19,137)	-	(301,226)	-
(Loss) gain on sale of assets	(2,220)	6,339	-	4,119	-
 Total nonoperating revenue	 1,227,038	 421,733	 675	 1,649,446	 9
<b>Income (Loss) - Before transfers</b>	 1,485,410	 1,942,160	 (426,547)	 3,001,023	 82,119
<b>Transfers In</b>	 185,231	 -	 127,400	 312,631	 -
<b>Transfers Out</b>	 -	 (2,935,784)	 -	 (2,935,784)	 -
<b>Change in Net Position</b>	 1,670,641	 (993,624)	 (299,147)	 377,870	 82,119
<b>Net Position - Beginning of year</b>	 16,010,347	 18,005,839	 2,699,879	 36,716,065	 292,207
<b>Net Position - End of year</b>	 <b>\$ 17,680,988</b>	 <b>\$ 17,012,215</b>	 <b>\$ 2,400,732</b>	 <b>\$ 37,093,935</b>	 <b>\$ 374,326</b>

# City of Riverview, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2014

	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	\$ 4,110,516	\$ 12,035,982	\$ 1,354,511	\$ 17,501,009	\$ -
Receipts from interfund services and reimbursements	-	-	133,391	133,391	1,642,697
Payments to suppliers	(2,022,961)	(3,391,541)	(552,820)	(5,967,322)	-
Payments to employees	(721,403)	(2,786,293)	(781,713)	(4,289,409)	-
Internal activity - Payments (to) from other funds	(501,581)	31,492	(144,889)	(614,978)	(322,802)
Claims paid	-	-	-	-	(1,554,391)
Net cash provided by (used in) operating activities	864,571	5,889,640	8,480	6,762,691	(234,496)
<b>Cash Flows from Noncapital Financing Activities</b>					
Net transfers from (to) other funds	185,231	(2,935,784)	127,400	(2,623,153)	-
Loans received from other funds	384,237	600,494	144,952	1,129,683	161,532
Loans made to other funds	-	(384,237)	-	(384,237)	(24,267)
Net cash provided by (used in) noncapital financing activities	569,468	(2,719,527)	272,352	(1,877,707)	137,265
<b>Cash Flows from Capital and Related Financing Activities</b>					
Proceeds from sales of capital assets	-	39,313	-	39,313	-
Property taxes (restricted for capital or capital debt)	1,090,414	-	-	1,090,414	-
Purchase of capital assets	(646,936)	(1,173,054)	(265,615)	(2,085,605)	-
Principal and interest paid on capital debt	(1,429,396)	(746,107)	(15,892)	(2,191,395)	-
Payment to County for debt service	(1,005,826)	-	-	(1,005,826)	-
Net cash used in capital and related financing activities	(1,991,744)	(1,879,848)	(281,507)	(4,153,099)	-
<b>Cash Flows from Investing Activities</b>					
Investment income	424,300	-	675	424,975	9
Net sales of investment securities	38,539	(1,290,265)	-	(1,251,726)	-
Net cash provided by (used in) investing activities	462,839	(1,290,265)	675	(826,751)	9
<b>Net Decrease in Cash and Cash Equivalents</b>	(94,866)	-	-	(94,866)	(97,222)
<b>Cash and Cash Equivalents - Beginning of year</b>	353,256	-	-	353,256	97,222
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 258,390</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 258,390</b>	<b>\$ -</b>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>					
Cash and investments	\$ 2,326,471	\$ -	\$ -	\$ 2,326,471	\$ -
Less amounts classified as investments	(2,068,081)	-	-	(2,068,081)	-
Total cash and cash equivalents	<b>\$ 258,390</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 258,390</b>	<b>\$ -</b>

# City of Riverview, Michigan

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended June 30, 2014

	Enterprise Funds				Governmental Activities	
	Water and Sewer	Land Preserve	Nonmajor Enterprise	Total	Internal Service Funds	
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>						
Operating income (loss)	\$ 258,372	\$ 1,520,427	\$ (427,222)	\$ 1,351,577	\$ 82,110	
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation	1,169,648	2,399,248	332,660	3,901,556	-	
Gain on investment in Downriver Sewage Disposal System	(141,441)	-	-	(141,441)	-	
Changes in assets and liabilities:						
Receivables	(112,894)	(321,692)	-	(434,586)	(10,070)	
Due from other funds	-	-	133,391	133,391	-	
Inventories	-	-	(7,170)	(7,170)	-	
Prepaid and other assets	(14,091)	175	100	(13,816)	(17,139)	
Accounts payable	4,758	368,115	22,709	395,582	2,176	
Due to other funds	(501,581)	31,492	(144,889)	(614,978)	(322,802)	
Land preserve closure liability	-	1,312,227	-	1,312,227	31,229	
Accrued and other liabilities	16,208	112,764	19,191	148,163	-	
Net postemployment healthcare obligation	185,592	466,884	79,710	732,186	-	
Net cash provided by (used in) operating activities	<u>\$ 864,571</u>	<u>\$ 5,889,640</u>	<u>\$ 8,480</u>	<u>\$ 6,762,691</u>	<u>\$ (234,496)</u>	

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

1. The restricted assets held at the County as of July 1, 2013 amounted to \$1,422,556 and the balance at June 30, 2014 was \$1,340,739. The change during the year was due to revenue from a judgment levy of \$1,005,826, interest income of \$43,263, and payments of principal and interest of \$931,845 and \$199,061, 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 \$82,123.

Noncash transactions in the Golf Course Fund related to the equipment purchase in the amount of \$244,750 funded by long-term debt.

# **City of Riverview, Michigan**

**Fiduciary Funds**  
**Statement of Fiduciary Net Position**  
**June 30, 2014**

	Pension Trust Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 982,494	\$ 19,158	\$ 118,161
Investments:			
U.S. government securities	5,898,049	-	-
Stocks and pooled equity investments	17,633,036	-	-
Corporate bonds	3,665,597	-	-
Receivables - Other receivables	434,191	-	186,499
Total assets	28,613,367	19,158	<b>\$ 304,660</b>
<b>Liabilities</b>			
Due to other governmental units	-	-	\$ 234,559
Refundable deposits, bonds, etc.	-	-	70,101
Accrued liabilities and other	-	12,913	-
Total liabilities	-	12,913	<b>\$ 304,660</b>
<b>Net Position</b>	<b>\$ 28,613,367</b>	<b>\$ 6,245</b>	

# City of Riverview, Michigan

## Fiduciary Funds Statement of Changes in Fiduciary Net Position Year Ended June 30, 2014

	Pension Trust	
	Fund - Employees' Retirement System	Private Purpose Trust Fund - Community Trust
<b>Additions</b>		
Investment income:		
Interest and dividends	\$ 556,752	\$ 92
Net increase in fair value of investments	3,403,040	-
Investment-related expenses	<u>(113,595)</u>	<u>-</u>
Net investment income	3,846,197	92
Contributions:		
Employer	1,477,292	-
Employee	<u>175,192</u>	<u>-</u>
Total contributions	<u>1,652,484</u>	<u>-</u>
Total additions	5,498,681	92
<b>Deductions - Benefit payments</b>	<u>2,030,696</u>	<u>-</u>
<b>Net Increase in Net Position Held in Trust</b>	3,467,985	92
<b>Net Position Held in Trust - Beginning of year</b>	<u>25,145,382</u>	<u>6,153</u>
<b>Net Position Held in Trust - End of year</b>	<u>\$ 28,613,367</u>	<u>\$ 6,245</u>

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used by the City of Riverview, Michigan (the "City"):

#### **Reporting Entity**

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

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

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

#### **Accounting and Reporting Principles**

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

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

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

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

#### **Fund Accounting**

The City accounts for its various activities in several different funds, in order to demonstrate accountability for how we have spent certain resources - separate funds allow us to show the particular expenditures for which specific revenues were used. The various funds are aggregated into three broad fund types:

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

- **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.

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

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

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

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

#### **Basis of Accounting**

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

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

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

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.

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

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

Capital Asset Class	Lives
Infrastructure	10 to 30 years
Buildings and improvements	20 to 30 years
Land improvements	5 to 40 years
Vehicles	1 to 10 years
Furniture, fixtures, and equipment	5 to 30 years
Water and sewer distribution systems	20 to 40 years

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

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

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

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has no items that qualify for reporting in this category.

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 one item that qualifies for reporting in this category. The deferred inflows of resources related to unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from CDBG housing rehab expenses. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### **Net Position Flow Assumption**

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Fund Balance Flow Assumption**

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

#### **Fund Balance Policies**

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

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

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

#### **Property Tax Revenue**

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note I - Summary of Significant Accounting Policies (Continued)**

The City's 2013 tax is levied and collectible on July 1, 2013 and is recognized as revenue in the year ended June 30, 2014, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2013 taxable valuation of the City totaled \$292.5 million, on which ad valorem taxes levied consisted of 16.26 mills for operating purposes and 3.7 mills for sewage disposal debt. This resulted, when combined with administrative fees, in \$4.9 million for operating purposes (taxes are reflected in the General Fund and Local Streets Fund) and \$1.1 million for sewage disposal debt.

**Pension and Other Postemployment Benefit Costs** - The City offers both pension and 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, pension and OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the City reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any.

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

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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

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

### **Note 2 - 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.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

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

**Fund Deficits** - At June 30, 2014, the City had an unrestricted deficit in two enterprise funds - \$1,911,946 in the Land Preserve Fund and \$70,175 in the Golf Course Fund (a nonmajor enterprise fund). Both amounts represent the lower of the deficit in working capital and unrestricted net position deficit. The City plans to develop a deficit elimination plan, which will be submitted to the State.

**Excess of Expenditures Over Appropriations in Budgeted Funds** - During the year, the City had the following expenditures that were in excess of the amounts budgeted:

	<u>Final Budget</u>	<u>Actual</u>
General Fund - General government - Attorney fees	<u>\$ 225,200</u>	<u>\$ 236,170</u>

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

Cumulative shortfall at July 1, 2013	\$ (1,527,059)
Current year building permit revenue	100,069
Related expenses:	
Direct costs	\$ 200,965
Estimated indirect costs	<u>20,097</u>
	<u>221,062</u>
Current year shortfall	<u>(120,993)</u>
Cumulative shortfall at June 30, 2014	<u>\$ (1,648,052)</u>

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **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:

**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 \$333,052 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.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

**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	
		Years	Years	Years	Years	Years	Years	Years	Years
U.S. government agency securities	\$ 5,778,574	\$ 318,059	\$ 3,252,735	\$ 1,796,055	\$ 411,725				
U.S. Treasury notes	29,156,292	6,330,833	16,685,140	6,140,319	-				
Total	<u>\$ 34,934,866</u>	<u>\$ 6,648,892</u>	<u>\$ 19,937,875</u>	<u>\$ 7,936,374</u>	<u>\$ 411,725</u>				
Fiduciary Funds	Fair Value	Less than 1 Year		1-5 Years		6-10 Years		More than 10 Years	
		Years	Years	Years	Years	Years	Years	Years	Years
U.S. Treasury notes	\$ 5,898,049	\$ -	\$ 4,364,637	\$ 264,322	\$ 1,269,090				
Corporate bonds	3,665,597	86,393	1,497,662	2,045,265	36,277				
Total	<u>\$ 9,563,646</u>	<u>\$ 86,393</u>	<u>\$ 5,862,299</u>	<u>\$ 2,309,587</u>	<u>\$ 1,305,367</u>				

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

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

Investment	Fair Value	Rating	Rating Organization
<b>Primary Government</b>			
U.S. government agency securities	\$ 5,777,034	Aaa	Moody's
	1,540	Not rated	Moody's
U.S. Treasury	<u>29,156,292</u>	Aaa	Moody's
Total	<u>\$ 34,934,866</u>		
<b>Fiduciary Funds</b>			
U.S. Treasury	\$ 5,898,049	Aaa	Moody's
Corporate bonds	340,323	Aaa	Moody's
	28,341	Aa1	Moody's
	142,027	Aa2	Moody's
	172,131	Aa3	Moody's
	271,428	A1	Moody's
	439,901	A2	Moody's
	459,052	A3	Moody's
	518,562	Baa1	Moody's
	962,895	Baa2	Moody's
	<u>330,937</u>	Baa3	Moody's
Total	<u>\$ 9,563,646</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 governmental funds include Federal National Mortgage Association at 10.66 percent. Federal National Mortgage Association investments make up 8.13 percent of the investments in the Land Preserve Fund.

**Foreign Currency Risk** - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. During the fiscal year, the City had no exposure to foreign currency risk.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

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

### **Note 4 - Interfund Receivables, Payables, and Transfers**

The composition of interfund receivables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Water and Sewer Fund	\$ 82,738
	Nonmajor governmental funds	<u>65,467</u>
	Total General Fund	148,205
Local Streets Fund	Water and Sewer Fund	3,300
Nonmajor governmental funds	General Fund	75
Water and Sewer Fund	General Fund	50,262
	Land Preserve Fund	<u>57,290</u>
	Total Water and Sewer Fund	107,552
Land Preserve	Water and Sewer Fund	8,924
Internal Service Funds	Water and Sewer Fund	57,908
	Land Preserve	<u>5,456</u>
	Total Internal Service Funds	63,364
	Total	<u>\$ 331,420</u>

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

Receivable Fund	Payable Fund	Amount
<b>Advances from/to Other Funds</b>		
Land Preserve Fund	Water and Sewer Fund	\$ 2,160,706
General Fund	Land Preserve	425,000
Nonmajor governmental funds	Land Preserve	128,544
	Nonmajor enterprise funds	267,121
	Internal Service Funds	<u>161,532</u>
	Total nonmajor governmental funds	557,197
Nonmajor enterprise funds	Land Preserve	115,878
Internal Service Funds	Land Preserve	<u>24,267</u>
	Total	<u>\$ 3,283,048</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.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

Interfund transfers reported in the fund financial statements were as follows:

Transferred To	Transferred From	Amount
General Fund	Land Preserve Fund (1)	\$ 2,273,153
Local Streets Fund	Major Streets Fund (3)	181,259
	Land Preserve Fund (1)	400,000
		<u>Total Local Streets Fund</u>
		581,259
Nonmajor governmental funds	General Fund (2)	105,000
Water and Sewer Fund	General Fund (2)	50,000
	Land Preserve Fund (2)	135,231
		<u>Total Water and Sewer Fund</u>
		185,231
Nonmajor enterprise funds	Land Preserve Fund (1)	<u>127,400</u>
		<u>Total</u>
		<u>\$ 3,272,043</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

### **Note 5 - Restricted Assets**

Restricted assets at June 30, 2014 consist of the following:

	Water and Sewer Fund	Land Preserve Fund	Total
Cash and investments	\$ -	\$ 36,310,894	\$ 36,310,894
Deposits held by Wayne County - Water and Sewer Fund	<u>1,340,739</u>	-	<u>1,340,739</u>
Total restricted net position	<u>\$ 1,340,739</u>	<u>\$ 36,310,894</u>	<u>\$ 37,651,633</u>

**Water and Sewer** - The City has assets of \$1,340,739 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.

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

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

**Landfill - Closure and Postclosure Care Costs** - State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of the closure and postclosure care costs as an operating expense in each period based on the acres of the entire permitted site used as of each balance sheet date. The \$28,943,020 reported as landfill closure and postclosure liability at June 30, 2014 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 \$10.7 million as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Engineers have estimated the remaining airspace will be filled by March 2027. On a volume basis versus site acreage basis, approximately 73 percent of landfill capacity is used as of June 30, 2014. 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, 2014, investments of \$36,310,894 are held for these purposes. These are reported as restricted assets on the balance sheet. Net position has been restricted for \$7,367,874, which is the total restricted assets of \$36,310,894 less the closure and postclosure liability of \$28,943,020. 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.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

### **Note 6 - Capital Assets**

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

<b>Governmental Activities</b>	<u>Balance July 1, 2013</u>	<u>Transfers</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2014</u>
Capital assets not being depreciated -					
Land	\$ 11,566,623	\$ -	\$ 14,436	\$ -	\$ 11,581,059
Capital assets being depreciated:					
Infrastructure	41,127,999	-	98,225	-	41,226,224
Buildings and improvements	10,720,871	-	27,778	-	10,748,649
Equipment and vehicles	6,309,051	(117,327)	139,704	(118,786)	6,212,642
Subtotal	58,157,921	(117,327)	265,707	(118,786)	58,187,515
Accumulated depreciation:					
Infrastructure	27,509,423	-	1,507,952	-	29,017,375
Buildings and improvements	8,817,151	-	221,982	-	9,039,133
Equipment and vehicles	5,509,781	(115,529)	253,069	(118,786)	5,528,535
Subtotal	41,836,355	(115,529)	1,983,003	(118,786)	43,585,043
Net capital assets being depreciated	16,321,566	(1,798)	(1,717,296)	-	14,602,472
Net governmental activities capital assets	\$ 27,888,189	\$ (1,798)	\$ (1,702,860)	\$ -	\$ 26,183,531

# City of Riverview, Michigan

## Notes to Financial Statements June 30, 2014

### Note 6 - Capital Assets (Continued)

Business-type Activities	Balance July 1, 2013	Transfers	Additions	Disposals	Balance June 30, 2014
Water and sewer system capital assets:					
Capital assets being depreciated:					
Water and sewer distribution systems	\$ 43,936,635	\$ -	\$ 534,823	\$ -	\$ 44,471,458
Buildings and improvements	616,386	-	40,121	-	656,507
Furniture, fixtures, and equipment	1,628,436	-	153,935	(38,942)	1,743,429
Vehicles	679,571	-	-	-	679,571
Subtotal	46,861,028	-	728,879	(38,942)	47,550,965
Accumulated depreciation:					
Water and sewer distribution systems	19,324,057	-	983,172	-	20,307,229
Buildings and improvements	161,249	-	49,022	-	210,271
Furniture, fixtures, and equipment	1,219,496	-	137,454	(36,722)	1,320,228
Vehicles	679,571	-	-	-	679,571
Subtotal	21,384,373	-	1,169,648	(36,722)	22,517,299
Net capital assets	25,476,655	-	(440,769)	(2,220)	25,033,666
Golf course capital assets:					
Capital assets being depreciated:					
Buildings and improvements	1,142,288	-	-	-	1,142,288
Furniture, fixtures, and equipment	1,263,328	72,425	403,445	(350,101)	1,389,097
Land improvements	1,568,660	-	129,033	-	1,697,693
Subtotal	3,974,276	72,425	532,478	(350,101)	4,229,078
Accumulated depreciation:					
Buildings and improvements	1,112,835	-	5,034	-	1,117,869
Furniture, fixtures, and equipment	1,080,571	70,627	171,240	(319,347)	1,003,091
Land improvements	498,196	-	51,136	-	549,332
Subtotal	2,691,602	70,627	227,410	(319,347)	2,670,292
Net capital assets	1,282,674	1,798	305,068	(30,754)	1,558,786

# City of Riverview, Michigan

## Notes to Financial Statements June 30, 2014

### Note 6 - Capital Assets (Continued)

	Balance July 1, 2013	Transfers	Additions	Disposals	Balance June 30, 2014
<b>Business-type Activities (Continued)</b>					
Golf practice capital assets:					
Capital assets not being depreciated - Land	\$ 691,901	\$ -	\$ -	\$ -	\$ 691,901
Capital assets being depreciated:					
Buildings and improvements	1,314,767	-	-	-	1,314,767
Furniture, fixtures, and equipment	1,413,910	-	6,842	(14,827)	1,405,925
Subtotal	2,728,677	-	6,842	(14,827)	2,720,692
Accumulated depreciation:					
Buildings and improvements	752,342	-	58,512	-	810,854
Furniture, fixtures, and equipment	715,813	-	46,738	(14,827)	747,724
Subtotal	1,468,155	-	105,250	(14,827)	1,558,578
Net capital assets being depreciated	1,260,522	-	(98,408)	-	1,162,114
Net capital assets	1,952,423	-	(98,408)	-	1,854,015
Land preserve capital assets:					
Capital assets not being depreciated - Land	2,761,877	-	-	-	2,761,877
Capital assets being depreciated:					
Buildings and improvements	30,579,706	-	870,826	-	31,450,532
Vehicles	176,161	14,888	89,839	(79,609)	201,279
Furniture, fixtures, and equipment	7,708,122	30,015	179,415	(38,645)	7,878,907
Subtotal	38,463,989	44,903	1,140,080	(118,254)	39,530,718
Accumulated depreciation:					
Buildings and improvements	20,266,644	-	1,162,136	-	21,428,780
Vehicles	174,316	14,888	44,003	(79,609)	153,598
Furniture, fixtures, and equipment	5,718,252	30,015	1,193,109	(38,645)	6,902,731
Subtotal	26,159,212	44,903	2,399,248	(118,254)	28,485,109
Net capital assets being depreciated	12,304,777	-	(1,259,168)	-	11,045,609
Net capital assets	15,066,654	-	(1,259,168)	-	13,807,486
Net business-type activity capital assets	\$ 43,778,406	\$ 1,798	\$ (1,493,277)	\$ (32,974)	\$ 42,253,953

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

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

Governmental activities:

General government	\$ 1,585,560
Public safety	191,689
Public works	42,866
Economic development	4,860
Recreation and culture	<u>158,028</u>
Total governmental activities	<u>\$ 1,983,003</u>

Business-type activities:

Water and sewer	\$ 1,169,648
Golf course	227,410
Land preserve	2,399,248
Golf practice	<u>105,250</u>
Total business-type activities	<u>\$ 3,901,556</u>

**Construction Commitments** - At year end, the City had the following significant active construction projects in the Water and Sewer Fund:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Fordline liftstation	<u>\$ 40,122</u>	<u>\$ 153,752</u>

### **Note 7 - Long-term Debt**

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Other long-term obligations include capital lease obligations, compensated absences, claims and judgments, and certain risk liabilities.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

**Future Revenue Pledged for Debt Payment** - The business-type activity county contractual agreements to the County are the result of the County issuing bonds on the City's behalf. The City has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the obligations; in addition, it has pledged to raise property taxes, to the extent permitted by law, if necessary to fund the obligation to repay the County. Proceeds from the County bonds provided financing for the construction and upgrades for the Downriver Sewage Disposal System. The remaining principal and interest to be paid on the bonds total \$8,542,216. During the current year, net revenue of the system was \$1,345,896 and property tax collections were \$1,087,047 compared to the annual debt requirements of \$1,292,720.

Long-term debt activity can be summarized as follows:

	<u>Interest Rate Ranges</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>						
General obligation bonds:						
2003 Library Building Authority						
Refunding Bonds:						
Amount of issue - \$1,160,000	3.25% -					
Maturing through 2015	3.80%	\$ 250,000	\$ -	\$ (125,000)	\$ 125,000	\$ 125,000
2004 Street Bonds:						
Amount of issue - \$7,600,000	2.50% -					
Maturing through 2014	3.125%	840,000	-	(840,000)	-	-
Capital lease obligations - Sun Trust						
Total bonds payable		1,090,000	-	(965,000)	125,000	125,000
Compensated absences		599,458	716,519	(708,476)	607,501	-
Total governmental activities		\$ 1,689,458	\$ 716,519	\$ (1,673,476)	\$ 732,501	\$ 125,000

# City of Riverview, Michigan

## Notes to Financial Statements June 30, 2014

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

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>						
General obligation bonds:						
1993 General Obligation Limited Tax Bonds:						
Amount of issue - \$10,860,000	2.00%	\$ 1,258,538	\$ -	\$ (640,000)	\$ 618,538	\$ 618,538
Maturing through 2015						
2003 General Obligation Limited Tax Refunding Bonds:						
Amount of issue - \$1,295,000	3.00% - 3.60%	270,000	-	(135,000)	135,000	135,000
Maturing through 2015						
Capital lease obligations:						
Chase Equipment Leasing Installment:						
Amount of issue - \$702,021	2.4%	587,748	-	(232,377)	355,371	235,618
Maturing through 2016						
Wells Fargo Equipment Purchase Agreement:						
Amount of issue - \$244,750	3.25%	-	244,750	(15,892)	228,858	73,772
Maturing through 2017						
Chase Equipment Purchase Agreement:						
Amount of issue - \$323,237	2.15%	110,058	-	(110,058)	-	-
Maturing through 2015						
Chase Equipment Installment Purchase Agreement:						
Amount of issue - \$981,057	1.73%	659,655	-	(326,987)	332,668	332,668
Maturing through 2015						
Wells Fargo Equipment Installment Purchase Agreement -						
Amount of issue - \$220,113	3.07%	115,101	-	(57,550)	57,551	57,551
Maturing through 2015						

# City of Riverview, Michigan

## Notes to Financial Statements June 30, 2014

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

	Interest Rate Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities (Continued)</b>						
County contractual agreements:						
Downriver Sewage Disposal System						
Bonds - Series A Refunding Bonds:						
Amount of issue - \$328,862						
Maturing through 2014	Various	\$ 38,481	\$ -	\$ (38,481)	\$ -	\$ -
Downriver Sewage Disposal System						
Bonds Series B:						
Amount of issue - \$701,512						
Maturing through 2019	Various	293,836	-	(42,778)	251,058	46,752
State Revolving Fund Loan:						
Amount of issue - \$16,015,786	2.00% -	7,796,610	82,123	(1,189,873)	6,688,860	894,296
Maturing through 2031	2.50%					
Downriver Sewage Disposal System						
2007 Bonds Series B:						
Amount of issue - \$1,421,841	4.18% -					
Maturing through 2027	5.04%	1,185,058	-	(54,480)	1,130,578	57,632
Downriver Sewage Disposal System						
2007 Bonds Series D:						
Amount of issue - \$212,850	3.95% -					
Maturing through 2028	4.61%	152,082	-	(29,682)	122,400	6,480
City of Ecorse plant capacity						
obligation:						
Amount of issue - \$518,402		115,928	-	(26,741)	89,187	26,082
Maturing through 2021						
Total bonds payable		12,583,095	326,873	(2,899,899)	10,010,069	2,484,389
Compensated absences		22,310	88,014	(93,679)	16,645	-
Total business-type activities		\$ 12,605,405	\$ 414,887	\$ (2,993,578)	\$ 10,026,714	\$ 2,484,389

Annual debt service requirements to maturity for the above bond, capital lease, and contractual obligations are as follows:

Years Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 125,000	\$ 2,375	\$ 127,375	\$ 2,484,389	\$ 255,221	\$ 2,739,610
2016	-	-	-	1,275,755	203,964	1,479,719
2017	-	-	-	1,126,445	175,215	1,301,660
2018	-	-	-	1,058,767	147,306	1,206,073
2019	-	-	-	891,906	120,962	1,012,868
2020-2024	-	-	-	2,060,104	334,920	2,395,024
2025-2029	-	-	-	954,951	105,053	1,060,004
2030-2034	-	-	-	157,752	8,177	165,929
Total	\$ 125,000	\$ 2,375	\$ 127,375	\$ 10,010,069	\$ 1,350,818	\$ 11,360,887

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **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.

**Defeased Debt** - In prior years, the City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2014, \$275,000 of bonds outstanding is considered defeased.

### **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.

In the prior year, a claim had been filed against the City related to odors alleged to be originating at the land preserve. As of June 30, 2014, the case has been settled with all claims being paid by the City's insurance policy.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

### **Note 9 - Risk Management (Continued)**

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

	<b>General Liability</b>	
	<b>2014</b>	<b>2013</b>
Unpaid claims - Beginning of year	\$ 11,500	\$ 17,005
Incurred claims, including claims incurred but not reported	457,468	348,036
Claim payments	(426,239)	(353,541)
Unpaid claims - End of year	<u>\$ 42,729</u>	<u>\$ 11,500</u>

### **Note 10 - Retirement Plan**

#### **Pension Plan Description**

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

Management of the Plan is vested in the Retirement Board of Trustees, which consists of nine members - the City Treasurer, four citizen representatives, and four employee representatives.

**Plan Membership** - At June 30, 2014, pension plan membership consisted of the following:

Retirees and beneficiaries currently receiving benefits	89
Inactive plan members entitled to but not yet receiving benefits	9
Active plan members	54
Total	<u>152</u>

**Benefits Provided** - The system provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefit terms are established by City ordinances and negotiations with the City's collective bargaining units and may be amended through negotiations with the City's collective bargaining units.

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note 10 - Retirement Plan (Continued)**

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the Retirement Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Contribution requirements of plan members are established and may be amended by City ordinances and negotiations with the City's collective bargaining units. For the year ended June 30, 2014, the average active member contribution rate was 5 percent of annual pay for all plan members, except for Police Command employees who contribute 6 percent of annual compensation, and the City's average contribution rate was 42 percent of covered payroll.

### **Pension Plan Investments - Policy and Rate of Return**

**Investment Policy** - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Retirement Board by a majority vote of its members. It is the policy of the Retirement Board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2014:

Asset class:	Target Allocation
Domestic equities	45%
International equities	15%
Fixed income	36%
Cash equivalents	4%

**Rate of Return** - For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.8 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

### **Note 10 - Retirement Plan (Continued)**

#### **Pension Plan Reserves**

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

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

The employee reserve is credited as employee contributions are received throughout the year; the Plan maintains a record of the amount contributed by each employee, and credits interest annually at a rate of 5 percent. For any employee who terminates before vesting in the pension plan, their balance is returned to them; for those who stay until retirement, the balance is transferred into the retiree reserve.

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

The balances of the reserve accounts at June 30, 2014 are as follows:

	<u>Required Reserve</u>	<u>Amount Funded</u>
Retiree reserve	\$ 18,013,421	\$ 18,013,421
Employee reserve	4,382,927	4,382,927
Employer reserve	N/A	6,217,019

#### **Net Pension Liability of the City**

The City reports pension expense based on funding requirements, as directed by GASB Statement No. 27. Beginning next year, the City will adopt GASB Statement No. 68 which will require the measurement of pension expense as it is earned, rather than as it is funded. The net pension liability of the City has been measured as of June 30, 2014, and is composed of the following:

The components of the net pension liability of the City at June 30, 2014 were as follows:

Total pension liability	\$ 34,693,094
Plan fiduciary net position	<u>(28,613,367)</u>
City's net position liability	\$ 6,079,727
Plan fiduciary net position as a percentage of the total pension liability	82.5 %

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note 10 - Retirement Plan (Continued)**

**Actuarial Assumptions** - The total pension liability was determined by an actuarial valuation as of June 30, 2013, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4 %
Salary increases	4-8 % average, including inflation
Investment rate of return	7.5 % net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.

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

### **Projected Cash Flows**

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

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

### **Note 10 - Retirement Plan (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2014 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.

	<u>Long-term Expected Real Rate of Return</u>
Asset class:	
Domestic equities	6.15%
International equities	8.33%
Fixed income	3.00%
Cash equivalents	0.00%

**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:

	Current		
	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net pension liability of the City	\$ 9,718,772	\$ 6,079,727	\$ 2,971,458

### **Pension Cost**

The pension plan does not issue a separate financial report.

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

### **Note 10 - Retirement Plan (Continued)**

**Annual Pension Cost** - For the year ended June 30, 2014, the City's annual pension cost of \$1,477,292 for the plan was equal to the City's required and actual contribution. The pension cost for the three most recent years is as follows:

	Fiscal Year Ended June 30		
	2014	2013	2012
Annual pension cost (APC)	\$ 1,477,292	\$ 1,494,746	\$ 1,295,766
Percentage of APC contributed	100.0 %	100.0 %	100.0 %
Net pension obligation	-	-	-

**Funding Status and Funding Progress** - As of June 30, 2013, the most recent actuarial valuation date, the plan was 73 percent funded. The actuarial accrued liability for benefits was \$33,684,859, and the actuarial value of assets was \$24,706,545, resulting in an unfunded actuarial accrued liability of \$8,978,314. The covered payroll (annual payroll to active employees covered by the plan) was \$3,540,861, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 254 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

**Actuarial Methods and Assumptions** - The annual required contribution was determined as part of an actuarial valuation at June 30, 2012, using the entry age actuarial cost method. Significant actuarial assumptions used include (a) a 7.5 percent investment rate of return, (b) projected salary increases of 4.0 percent to 8.0 percent per year, and (c) no cost of living adjustments. Both (a) and (b) include an inflation component of 4.0 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 20 years for police employees and 15 years for general employees.

### **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).

# **City of Riverview, Michigan**

## **Notes to Financial Statements June 30, 2014**

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

**Funding Progress** - For the year ended June 30, 2014, the City has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 3,586,455
ARC adjustment	(442,088)
Interest on the prior year's net OPEB obligation	<u>467,837</u>
Annual OPEB cost	3,612,204
Amounts contributed - Payments of current premiums	<u>(1,202,296)</u>
Increase in net OPEB obligation	2,409,908
OPEB obligation - Beginning of year	<u>10,396,387</u>
OPEB obligation - End of year	<u>\$ 12,806,295</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/12	6/30/10	\$ 3,314,968	32.4 %	\$ 7,952,261
6/30/13	6/30/10	3,499,589	30.2	10,396,387
6/30/14	6/30/13	3,612,204	33.3	12,806,295

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial						UAAL as a Percentage of Covered Payroll
	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)		
6/30/07	\$ -	\$ 29,635,785	\$ 29,635,785	- %	\$ 5,265,532	562.8 %	
6/30/10	-	35,504,115	35,504,115	-	4,765,874	745.0	
6/30/13	-	41,629,302	41,629,302	-	3,895,516	1,068.6	

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **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, 2013 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9 percent initially, reduced by decrements to an ultimate rate of 4 percent after 10 years. Both rates included a 4 percent inflation assumption. The actuarial value of assets was based on the market value of investments. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013 was 24 years.

### **Note 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

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note 12 - Defined Contribution Pension Plan (Continued)**

In a defined contribution plan, investments are managed by a third party, and investment decisions are made by the individual employees. As established by the City of Riverview through collective bargaining agreements for the employees listed above, the employee is ineligible for participation in the City's retirement system. Instead, the employee has the option of enrolling in the defined contribution plan and receiving a matching contribution by the City. The employees' contributions are limited to the maximum as per the IRS, with the City matching up to 5 percent of their qualified earnings.

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

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

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. In accordance with the requirements, the City expensed \$73,453 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, 2014, employee contributions were \$322,731.

Effective July 1, 2013, all new hires in the police department were placed in a 401(a) retirement plan known as Riverview Police Post 7/1/13 with ICMA instead of the City defined benefit plan. The employee will contribute 2.5 percent and may also make a voluntary and unmatched after-tax contribution subject to limitations of the plan. The City will contribute 10 percent of earnings on behalf of each participant. For the year ended June 30, 2014, employee contributions were \$1,294. In accordance with the requirements, the City expensed \$3,569 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 healthcare upon retirement. For this plan, the employee will contribute a reduction in salary based on 2.5 percent of earnings and the City will contribute 2.5 percent of plan earnings. This plan is administered through ICMA. For the year ended June 30, 2014, employee contributions were \$1,350. In accordance with the requirements, the City expensed \$927 during the current year.

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note 13 - Joint Venture**

The City, along with 12 other communities, jointly participates in the Downriver Sewage Disposal System. The City's share of capital assets, restricted assets (for debt service), and related debt is recorded in the Water and Sewer Fund. At June 30, 2014, the City has recorded an additional \$542,052 as "investment in joint venture" in the Water and Sewer Fund. This amount represents the City's share of working capital held by the System. During the year, the City paid \$514,666 for operations of the system and \$1,152,350 for debt service.

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

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

### **Note 14 - Upcoming Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. 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 financial statements for the year ending June 30, 2015.

# **City of Riverview, Michigan**

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## **Notes to Financial Statements June 30, 2014**

### **Note 15 - Change in Accounting**

During the current year, the City adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to establish standards that reclassify certain items that were previously reported as assets and liabilities and instead to classify them as deferred inflows of resources, deferred outflows of resources, or outflows of resources.

Item	Amount	Prior Reporting Classification/Treatment	New Classification After Adoption of GASB Statement No. 65
Revenue in governmental funds not collected within 60 days of year end	\$ 23,981	Liability	Deferred inflow of resources

During the current year, the City adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations, resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplemental information.

## **Required Supplemental Information**

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# City of Riverview, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2014

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 4,513,490	\$ 4,513,490	\$ 4,487,011	\$ (26,479)
Licenses and permits	213,597	202,467	201,764	(703)
Federal grants	75,000	91,305	20,630	(70,675)
State-shared revenue and grants	1,172,499	1,176,412	1,126,547	(49,865)
Charges to other funds	842,840	854,840	858,333	3,493
Investment income	(8,000)	(8,000)	(10,422)	(2,422)
Other revenue:				
Recreation	147,555	178,915	171,390	(7,525)
Prescription refunds	70,000	35,000	39,349	4,349
Ambulance billings	550,000	550,000	486,884	(63,116)
Other miscellaneous income	82,920	160,420	189,396	28,976
Total revenue	7,659,901	7,754,849	7,570,882	(183,967)
<b>Expenditures - Current</b>				
General government:				
City Council	50,055	50,055	44,291	5,764
City manager	367,408	334,263	325,936	8,327
Finance	462,425	393,725	363,874	29,851
Assessing and purchasing	184,340	141,070	113,836	27,234
Information technology	150,335	171,185	162,078	9,107
Clerk	243,658	222,828	196,457	26,371
Attorney	215,200	225,200	236,170	(10,970)
Human resources	139,430	126,300	112,527	13,773
Insurance and other functions	44,420	44,420	43,599	821
General insurance	107,085	107,085	96,682	10,403
Total general government	1,964,356	1,816,131	1,695,450	120,681
Public safety:				
Police	4,540,488	4,454,337	4,057,509	396,828
Fire and EMS	1,187,847	1,168,537	1,164,641	3,896
Total public safety	5,728,335	5,622,874	5,222,150	400,724
Public works:				
Administration	1,040,945	1,048,528	1,003,020	45,508
Building maintenance	335,703	317,770	286,625	31,145
Engineering and building	253,340	258,040	200,965	57,075
Motor vehicle pool	139,068	235,388	193,080	42,308
Total public works	1,769,056	1,859,726	1,683,690	176,036
Community and economic development -				
Community development	181,290	197,040	160,580	36,460
Recreation and culture:				
Recreation	475,505	532,440	411,246	121,194
Parks	79,025	79,025	68,309	10,716
Total recreation and culture	554,530	611,465	479,555	131,910
Total expenditures	10,197,567	10,107,236	9,241,425	865,811
<b>Excess of Expenditures Over Revenue</b>	(2,537,666)	(2,352,387)	(1,670,543)	681,844
<b>Other Financing Sources -</b>				
Transfers in	2,539,000	2,541,655	1,889,000	(652,655)
<b>Net Change in Fund Balance</b>	1,334	189,268	218,457	29,189
<b>Fund Balance - Beginning of year</b>	261,141	261,141	261,141	-
<b>Fund Balance - End of year</b>	<b>\$ 262,475</b>	<b>\$ 450,409</b>	<b>\$ 479,598</b>	<b>\$ 29,189</b>

# **City of Riverview, Michigan**

**Required Supplemental Information**  
**Budgetary Comparison Schedule - Major Special Revenue Funds**  
**Major Streets Fund**  
**Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with <u>Amended Budget</u>
<b>Revenue</b>				
State-shared revenue and grants	\$ 435,452	\$ 435,452	\$ 453,149	\$ 17,697
Investment income	25	25	39	14
Total revenue	435,477	435,477	453,188	17,711
<b>Expenditures - Current - Public works</b>	205,632	213,687	172,690	40,997
<b>Other Financing Uses - Transfers out</b>	(217,726)	(217,726)	(181,259)	36,467
<b>Net Change in Fund Balance</b>	12,119	4,064	99,239	95,175
<b>Fund Balance - Beginning of year</b>	336,088	336,088	336,088	-
<b>Fund Balance - End of year</b>	<b>\$ 348,207</b>	<b>\$ 340,152</b>	<b>\$ 435,327</b>	<b>\$ 95,175</b>

# **City of Riverview, Michigan**

**Required Supplemental Information  
Budgetary Comparison Schedule - Major Special Revenue Funds  
Local Streets Fund  
Year Ended June 30, 2014**

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 218,660	\$ 218,660	\$ 220,545	\$ 1,885
State-shared revenue and grants	219,155	219,155	266,096	46,941
Investment income	200	200	246	46
Other miscellaneous income	-	-	8,846	8,846
Total revenue	438,015	438,015	495,733	57,718
<b>Expenditures</b>				
Current - Public works	325,061	447,749	295,102	152,647
Debt service:				
Principal	840,000	840,000	840,000	-
Interest on long-term debt	13,375	13,375	13,125	250
Total expenditures	1,178,436	1,301,124	1,148,227	152,897
<b>Excess of Expenditures Over Revenue</b>	(740,421)	(863,109)	(652,494)	210,615
<b>Other Financing Sources - Transfers in</b>	617,726	617,726	581,259	(36,467)
<b>Net Change in Fund Balance</b>	(122,695)	(245,383)	(71,235)	174,148
<b>Fund Balance - Beginning of year</b>	530,181	530,181	530,181	-
<b>Fund Balance - End of year</b>	<b>\$ 407,486</b>	<b>\$ 284,798</b>	<b>\$ 458,946</b>	<b>\$ 174,148</b>

# **City of Riverview, Michigan**

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## **Note to Required Supplemental Information Year Ended June 30, 2014**

**Budgetary Information** - A reconciliation of the budgetary comparison schedules to the fund-based statement of changes in fund balance is as follows:

	<u>Total Revenue</u>	<u>Total Expenditures</u>	<u>Fund Balance</u>
<b>General Fund:</b>			
Amounts per operating statement	\$ 8,198,757	\$ 10,094,305	\$ 666,000
Less Cable Fund, Rubbish Fund, and Library Fund, reported within the General Fund in the operating statement, which was not budgeted as part of the General Fund	<u>(627,875)</u>	<u>(852,880)</u>	<u>(186,402)</u>
Amounts per budget statement	<u>\$ 7,570,882</u>	<u>\$ 9,241,425</u>	<u>\$ 479,598</u>

# **City of Riverview, Michigan**

## **Required Supplemental Information OPEB System Schedule Year Ended June 30, 2014**

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/07	\$ -	\$ 29,635,785	\$ 29,635,785	-	\$ 5,265,532	562.8
6/30/10	-	35,504,115	35,504,115	-	4,765,874	745.0
6/30/13	-	41,629,302	41,629,302	-	3,895,516	1,068.6

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed
6/30/12	6/30/10	\$ 3,314,968	32.4
6/30/13	6/30/10	3,499,589	30.2
6/30/14	6/30/13	3,612,204	33.3

# **City of Riverview, Michigan**

## **Required Supplemental Information Retirement System Schedule Year Ended June 30, 2014**

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/08	\$ 23,682,237	\$ 28,302,386	\$ 4,620,149	83.7	\$ 4,742,807	97.4
6/30/09	23,199,385	28,604,048	5,404,663	81.1	4,482,195	120.6
6/30/10	22,674,366	29,705,014	7,030,648	76.3	4,448,361	158.1
6/30/11	22,378,159	30,787,895	8,409,736	72.7	4,454,694	188.8
6/30/12	22,716,213	33,131,939	10,415,726	68.6	3,982,719	261.5
6/30/13	24,706,545	33,684,859	8,978,314	73.3	3,540,861	253.6

# **City of Riverview, Michigan**

## **Required Supplemental Information Schedule of Changes in the City Net Pension Liability and Related Ratios Last Fiscal Year**

<b>Total Pension Liability</b>	
Service cost	\$ 567,439
Interest	2,471,492
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Benefit payments, including refunds	(2,030,696)
Net change in total pension liability	1,008,235
Total pension liability - Beginning of year	33,684,859
Total pension liability - End of year	<b>\$ 34,693,094</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - Employer	\$ 1,477,292
Contributions - Member	175,192
Net investment income	3,846,197
Administrative expenses	-
Benefit payments, including refunds	(2,030,696)
Other	-
Net change in plan fiduciary net position	3,467,985
Plan fiduciary net position - Beginning of year	25,145,382
Plan fiduciary net position - End of year	<b>\$ 28,613,367</b>
<b>City's Net Pension Liability - Ending</b>	<b>\$ 6,079,727</b>
<b>Plan Fiduciary Net Position as a % of Total Pension Liability</b>	82.48 %
<b>Covered Employee Payroll</b>	\$ 3,995,805
<b>City's Net Pension Liability as a % of Covered Employee Payroll</b>	152.2 %

# **City of Riverview, Michigan**

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## **Required Supplemental Information Schedule of Investment Returns Last Fiscal Year**

Annual money-weighted rate of return, net of investment expense	5.8 %
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# **City of Riverview, Michigan**

# **Required Supplemental Information Schedule of City Contributions Last Ten Fiscal Years**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 1,477,292	\$ 1,494,746	\$ 1,295,766	\$ 1,082,935	\$ 973,804	\$ 986,548	\$ 949,677	\$ 975,555	\$ 801,016	\$ 610,663
Contributions in relation to the actuarially determined contribution	<u>1,477,292</u>	<u>1,494,746</u>	<u>1,295,766</u>	<u>1,082,935</u>	<u>973,804</u>	<u>986,548</u>	<u>949,677</u>	<u>975,555</u>	<u>801,016</u>	<u>610,663</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,995,805	\$ 3,540,861	\$ 3,982,719	\$ 4,454,694	\$ 4,448,361	\$ 4,482,195	\$ 4,742,807	\$ 4,862,204	\$ 4,866,039	\$ 5,292,595
Contributions as a percentage of covered employee payroll	37.0 %	42.2 %	32.5 %	24.3 %	21.9 %	22.0 %	20.0 %	20.1 %	16.5 %	11.5 %

## **Notes to Schedule of City Contributions**

Actuarial valuation information relative to the determination of contributions:

**Valuation date** Actuarially determined contribution rates are calculated as of June 30 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Remaining amortization period 15 years, single equivalent period

Asset valuation method                          4-year smoothed market

Inflation 4.0%

Salary increases 4.0% - 8.0% including inflation

Investment rate of return 7.5%

**Retirement age** Experience-based table of rates that are specific to the type of eligibility condition.

Mortality RP-2000 Male (unadjusted) and Female (unadjusted) Healthy Life Mortality Table, adjusted for mortality improvements to 2020 using projection scale BB.

Other information None

## **Other Supplemental Information**

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# City of Riverview, Michigan

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	Special Revenue Funds		Debt Service Funds		Capital Projects Funds	
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority	Parks and Recreation Construction	
					Assets	
Cash and investments (Note 3)	\$ 113,036	\$ 485,896	\$ -	\$ -	\$ -	\$ -
Receivables:						
Property taxes	-	-	532	-	-	-
Due from other governmental units	14,346	-	-	-	-	-
Due from other funds (Note 4)	75	-	-	-	-	-
Advances to other funds (Note 4)	-	-	59,196	114,010	15,495	
Total assets	<u>\$ 127,457</u>	<u>\$ 485,896</u>	<u>\$ 59,728</u>	<u>\$ 114,010</u>	<u>\$ 15,495</u>	
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 1,778	\$ 26,320	\$ -	\$ -	\$ -	\$ -
Due to other funds (Note 4)	65,467	-	-	-	-	-
Accrued liabilities and other	-	1,729	-	-	-	-
Unearned revenue	7,214	-	-	-	-	-
Total liabilities	<u>74,459</u>	<u>28,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	<u>23,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>						
Nonspendable:						
Restricted:						
Police	-	457,847	-	-	-	-
CDBG	29,017	-	-	-	-	-
Debt service:						
Assigned:						
Debt service	-	-	59,728	114,010	-	-
Capital projects	-	-	-	-	15,495	
Total fund balances	<u>29,017</u>	<u>457,847</u>	<u>59,728</u>	<u>114,010</u>	<u>15,495</u>	
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 127,457</u>	<u>\$ 485,896</u>	<u>\$ 59,728</u>	<u>\$ 114,010</u>	<u>\$ 15,495</u>	

**Other Supplemental Information**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2014**

<u>Capital Projects Funds</u>			Total
Capital Improvements and Equipment	Development Revolving	Nonmajor Governmental Funds	
\$ -	\$ -	\$ 598,932	
-	-	532	
-	-	14,346	
-	-	75	
<u>352,046</u>	<u>16,450</u>	<u>557,197</u>	
<b><u>\$ 352,046</u></b>	<b><u>\$ 16,450</u></b>	<b><u>\$ 1,171,082</u></b>	
\$ 9,187	\$ -	\$ 37,285	
-	-	65,467	
-	-	1,729	
-	-	7,214	
<u>9,187</u>	<u>-</u>	<u>111,695</u>	
<u>-</u>	<u>-</u>	<u>23,981</u>	
-	-	457,847	
-	-	29,017	
<u>342,859</u>	<u>16,450</u>	<u>374,804</u>	
<u>342,859</u>	<u>16,450</u>	<u>1,035,406</u>	
<b><u>\$ 352,046</u></b>	<b><u>\$ 16,450</u></b>	<b><u>\$ 1,171,082</u></b>	

# City of Riverview, Michigan

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	Special Revenue Funds		Debt Service Funds	
	Community Development Block Grant	Drug and Law Enforcement	General Obligation	Building Authority
<b>Revenue</b>				
Federal grants	\$ 90,957	\$ 48,080	\$ -	\$ -
State sources	-	30,379	-	-
Investment income	-	-	1,183	782
Total revenue	90,957	78,459	1,183	782
<b>Expenditures</b>				
Current:				
General government	-	-	-	749
Public safety	-	113,995	-	-
Community and economic development	93,274	-	-	-
Capital outlay	-	2,655	-	-
Debt service:				
Principal	-	-	-	125,000
Interest on long-term debt	-	-	-	7,063
Total expenditures	93,274	116,650	-	132,812
<b>Excess of Revenue (Under) Over Expenditures</b>	(2,317)	(38,191)	1,183	(132,030)
<b>Other Financing Sources -</b>				
Transfers in	-	-	-	105,000
<b>Net Change in Fund Balances</b>	(2,317)	(38,191)	1,183	(27,030)
<b>Fund Balances - Beginning of year</b>	31,334	496,038	58,545	141,040
<b>Fund Balances - End of year</b>	<b>\$ 29,017</b>	<b>\$ 457,847</b>	<b>\$ 59,728</b>	<b>\$ 114,010</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes in**  
**Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2014**

Capital Projects Fund				Total Nonmajor Governmental Funds
Parks and Recreation Construction	Capital Improvements and Equipment	Development Revolving		
\$ -	\$ -	\$ -	\$ 139,037	
-	-	-	30,379	
288	3,099	-	5,352	
				174,768
-	-	-	749	
-	-	-	113,995	
-	-	-	93,274	
-	131,169	-	133,824	
-	-	-	125,000	
-	-	-	7,063	
	131,169	-	473,905	
288	(128,070)	-	(299,137)	
-	-	-	105,000	
288	(128,070)	-	(194,137)	
15,207	470,929	16,450	1,229,543	
<b>\$ 15,495</b>	<b>\$ 342,859</b>	<b>\$ 16,450</b>	<b>\$ 1,035,406</b>	

# City of Riverview, Michigan

## Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds June 30, 2014

	Golf Course	Golf Practice	Total
<b>Assets</b>			
Current assets:			
Inventory	\$ 27,325	\$ -	\$ 27,325
Prepaid and other assets	91	10	101
Total current assets	<u>27,416</u>	10	27,426
Noncurrent assets:			
Advances to other funds (Note 4)	-	115,878	115,878
Capital assets:			
Assets not subject to depreciation (Note 6)	-	691,901	691,901
Assets subject to depreciation (Note 6)	<u>1,558,786</u>	<u>1,162,114</u>	<u>2,720,900</u>
Total noncurrent assets	<u>1,558,786</u>	<u>1,969,893</u>	<u>3,528,679</u>
Total assets	1,586,202	1,969,903	3,556,105
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	76,933	7,023	83,956
Accrued liabilities and other	20,658	3,299	23,957
Current portion of long-term debt (Note 7)	<u>73,772</u>	-	<u>73,772</u>
Total current liabilities	<u>171,363</u>	10,322	181,685
Noncurrent liabilities:			
Advances from other funds (Note 4)	267,121	-	267,121
Net OPEB obligation (Note 11)	495,708	55,774	551,482
Long-term debt (Note 7)	<u>155,085</u>	-	<u>155,085</u>
Total noncurrent liabilities	<u>917,914</u>	<u>55,774</u>	<u>973,688</u>
Total liabilities	<u>1,089,277</u>	<u>66,096</u>	<u>1,155,373</u>
<b>Net Position</b>			
Net investment in capital assets	1,329,929	1,854,015	3,183,944
Unrestricted	<u>(833,004)</u>	<u>49,792</u>	<u>(783,212)</u>
Total net position	<u>\$ 496,925</u>	<u>\$ 1,903,807</u>	<u>\$ 2,400,732</u>

# **City of Riverview, Michigan**

**Other Supplemental Information  
Combining Statement of Revenue, Expenses, and  
Changes in Net Position  
Nonmajor Enterprise Funds  
Year Ended June 30, 2014**

	Golf Course	Golf Practice	Total
<b>Operating Revenue</b>			
Greens fees	\$ 633,570	\$ 7,582	\$ 641,152
Equipment rentals	295,319	89,830	385,149
Miscellaneous revenue	<u>328,210</u>	<u>-</u>	<u>328,210</u>
Total operating revenue	1,257,099	97,412	1,354,511
<b>Operating Expenses</b>			
Personal services	884,388	88,281	972,669
Supplies	115,103	12,426	127,529
Other services and charges	328,675	20,200	348,875
Depreciation	<u>227,410</u>	<u>105,250</u>	<u>332,660</u>
Total operating expenses	1,555,576	226,157	1,781,733
<b>Operating Loss</b>	(298,477)	(128,745)	(427,222)
<b>Nonoperating (Expense) Revenue -</b>			
Investment (expense) income	<u>(6)</u>	<u>681</u>	<u>675</u>
<b>Loss - Before transfers</b>	(298,483)	(128,064)	(426,547)
<b>Transfers in</b>	<u>127,400</u>	<u>-</u>	<u>127,400</u>
<b>Change in Net Position</b>	(171,083)	(128,064)	(299,147)
<b>Net Position - Beginning of year</b>	<u>668,008</u>	<u>2,031,871</u>	<u>2,699,879</u>
<b>Net Position - End of year</b>	<u>\$ 496,925</u>	<u>\$ 1,903,807</u>	<u>\$ 2,400,732</u>

# City of Riverview, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended June 30, 2014

	Golf Course	Golf Practice	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from customers	\$ 1,257,099	\$ 97,412	\$ 1,354,511
Receipts from interfund services and reimbursements	-	133,391	133,391
Payments to suppliers	(524,987)	(27,833)	(552,820)
Payments to employees	(704,137)	(77,576)	(781,713)
Internal activity - Payments to other funds	(25,656)	(119,233)	(144,889)
Net cash provided by operating activities	2,319	6,161	8,480
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers from other funds	127,400	-	127,400
Loans received from other funds	144,952	-	144,952
Net cash provided by noncapital financing activities	272,352	-	272,352
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	(258,773)	(6,842)	(265,615)
Principal and interest paid on capital debt	(15,892)	-	(15,892)
Net cash used in capital and related financing activities	(274,665)	(6,842)	(281,507)
<b>Cash Flows from Investing Activities</b> - Investment (loss) income			
	(6)	681	675
<b>Cash and Cash Equivalents</b> - Beginning of year			
	-	-	-
<b>Cash and Cash Equivalents</b> - End of year			
	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>			
Operating loss	\$ (298,477)	\$ (128,745)	\$ (427,222)
Adjustments to reconcile operating loss to net cash from operating activities:			
Depreciation and amortization	227,410	105,250	332,660
Changes in assets and liabilities:			
Due from others	-	133,391	133,391
Inventories	(7,170)	-	(7,170)
Prepaid and other assets	90	10	100
Accounts payable	17,843	4,866	22,709
Due to others	(25,656)	(119,233)	(144,889)
Accrued and other liabilities	8,569	10,622	19,191
Net postemployment healthcare obligation	79,710	-	79,710
Net cash provided by operating activities	\$ 2,319	\$ 6,161	\$ 8,480

# **City of Riverview, Michigan**

**Other Supplemental Information  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2014**

	Self-Insurance Fund	Retiree Healthcare	Total
<b>Assets</b>			
Current assets:			
Cash and investments (Note 3)	\$ -	\$ -	\$ -
Due from other funds (Note 4)	5,456	57,908	63,364
Prepaid and other assets	-	75,253	75,253
Deposit	434,759	-	434,759
Total current assets	440,215	133,161	573,376
Noncurrent assets - Advances to other funds (Note 4)	-	24,267	24,267
Total assets	440,215	157,428	597,643
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	-	19,056	19,056
Provision for claims (Note 9)	42,729	-	42,729
Total current liabilities	42,729	19,056	61,785
Noncurrent liabilities - Advances from other funds (Note 4)	161,532	-	161,532
Total liabilities	204,261	19,056	223,317
<b>Net Position</b> - Unrestricted	<b>\$ 235,954</b>	<b>\$ 138,372</b>	<b>\$ 374,326</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, 2014**

	<b>Self-Insurance Fund</b>	<b>Retiree Healthcare</b>	<b>Total</b>
<b>Operating Revenue</b> - Charges for services	\$ 352,331	\$ 1,268,050	\$ 1,620,381
<b>Operating Expenses</b> - Other services and charges	322,282	1,215,989	1,538,271
<b>Operating Income</b>	30,049	52,061	82,110
<b>Nonoperating Revenue</b> - Investment income	9	-	9
<b>Change in Net Position</b>	30,058	52,061	82,119
<b>Net Position</b> - Beginning of year	205,896	86,311	292,207
<b>Net Position</b> - End of year	<b>\$ 235,954</b>	<b>\$ 138,372</b>	<b>\$ 374,326</b>

# City of Riverview, Michigan

**Other Supplemental Information  
Combining Statement of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2014**

	Self-Insurance Fund	Retiree Healthcare	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from other funds	\$ (10,070)	\$ -	\$ (10,070)
Receipts from interfund services and reimbursements	384,717	1,268,050	1,652,767
Internal activity - Payments to other funds	(212,749)	(110,053)	(322,802)
Claims paid	(323,439)	(1,230,952)	(1,554,391)
Net cash used in operating activities	(161,541)	(72,955)	(234,496)
<b>Cash Flows from Noncapital Financing Activities</b>			
Loans received from other funds	161,532	-	161,532
Loans made to other funds	-	(24,267)	(24,267)
Net cash provided by (used in) noncapital financing activities	161,532	(24,267)	137,265
<b>Cash Flows from Investment Activities -</b>			
Investment income	9	-	9
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>-</b>	<b>(97,222)</b>	<b>(97,222)</b>
<b>Cash and Cash Equivalents - Beginning of year</b>	<b>-</b>	<b>97,222</b>	<b>97,222</b>
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Reconciliation of Operating Income to Net Cash from Operating Activities</b>			
Operating income	\$ 30,049	\$ 52,061	\$ 82,110
Changes in assets and liabilities:			
Receivables	(10,070)	-	(10,070)
Prepaid and other assets	-	(17,139)	(17,139)
Accounts payable	-	2,176	2,176
Due to/from others	(212,749)	(110,053)	(322,802)
Estimated claims liability	31,229	-	31,229
Net cash used in operating activities	<b>\$ (161,541)</b>	<b>\$ (72,955)</b>	<b>\$ (234,496)</b>

# **City of Riverview, Michigan**

## **Other Supplemental Information Statement of Assets and Liabilities Agency Funds June 30, 2014**

	<b>Agency Funds</b>		
	<b>Special Tax</b>	<b>Inspection</b>	<b>Total Agency Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 48,060	\$ 70,101	\$ 118,161
Receivables	186,499	-	186,499
Total assets	<b>\$ 234,559</b>	<b>\$ 70,101</b>	<b>\$ 304,660</b>
<b>Liabilities</b>			
Due to other governmental units	\$ 234,559	\$ -	\$ 234,559
Escrow	-	70,101	70,101
Total liabilities	<b>\$ 234,559</b>	<b>\$ 70,101</b>	<b>\$ 304,660</b>

# City of Riverview, Michigan

## Activities Reported in the General Fund Balance Sheet June 30, 2014

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
<b>Assets</b>				
Cash and investments	\$ -	\$ 5,587	\$ 31,298	\$ 36,885
Receivables:				
Other	-	-	9,055	9,055
Due from other governmental units	-	-	3,713	3,713
Due from other funds	2,007	-	-	2,007
Advances to other funds	48,839	148,400	-	197,239
Prepaid expenses and other assets	-	51	51	102
<b>Total assets</b>	<b>\$ 50,846</b>	<b>\$ 154,038</b>	<b>\$ 44,117</b>	<b>\$ 249,001</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 463	\$ 9,056	\$ 18,477	\$ 27,996
Due to other funds	-	25,000	62	25,062
Accrued liabilities and other	-	2,870	6,671	9,541
<b>Total liabilities</b>	<b>463</b>	<b>36,926</b>	<b>25,210</b>	<b>62,599</b>
<b>Fund Balances</b>				
Nonspendable	48,839	148,451	51	197,341
Assigned	1,544	-	18,856	20,400
Unassigned	-	(31,339)	-	(31,339)
<b>Total fund balances</b>	<b>50,383</b>	<b>117,112</b>	<b>18,907</b>	<b>186,402</b>
<b>Total liabilities and fund balances</b>	<b>\$ 50,846</b>	<b>\$ 154,038</b>	<b>\$ 44,117</b>	<b>\$ 249,001</b>

# City of Riverview, Michigan

## Activities Reported in the General Fund Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2014

	Rubbish	Cable TV	Library	Total Activities Reported in the General Fund
<b>Revenue</b>				
Property taxes	\$ -	\$ -	\$ 235,303	\$ 235,303
State sources	-	-	7,359	7,359
Investment income	-	119	2,097	2,216
Other	7,467	349,080	26,450	382,997
Total revenue	7,467	349,199	271,209	627,875
<b>Expenditures</b>				
Current:				
General government	-	197,825	-	197,825
Public works	330,620	-	-	330,620
Recreation and culture	-	-	324,435	324,435
Debt service:				
Total expenditures	330,620	197,825	324,435	852,880
<b>Excess of Revenue (Under) Over Expenditures</b>	(323,153)	151,374	(53,226)	(225,005)
<b>Other Financing Sources</b>				
Transfers in	323,153	-	136,000	459,153
Transfers out	-	(125,000)	(105,000)	(230,000)
Total other financing sources (uses)	323,153	(125,000)	31,000	229,153
<b>Net Change in Fund Balances</b>	-	26,374	(22,226)	4,148
<b>Fund Balances - Beginning of year</b>	50,383	90,738	41,133	182,254
<b>Fund Balances - End of year</b>	<b>\$ 50,383</b>	<b>\$ 117,112</b>	<b>\$ 18,907</b>	<b>\$ 186,402</b>