

**CITY OF LINDEN  
Genesee County, Michigan**

**AUDITED FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2015**



FINANCIAL SECTION



CITY OF LINDEN  
For the Year Ended June 30, 2015

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INTRODUCTORY SECTION

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CITY OF LINDEN  
For the Year Ended June 30, 2015

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## Independent Auditor's Report

January 29, 2016

To the Honorable Mayor and Members of City Council  
City of Linden, Michigan

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Linden, Michigan, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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



Honorable Mayor and  
Members of the City Council  
City of Linden, Michigan

**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, each major fund, and the aggregate remaining fund information of the City of Linden, Michigan, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison 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, who 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 supplementary 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 Linden, Michigan's basic financial statements. The combining nonmajor fund financial statements and the schedules of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The schedules of indebtedness have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully,



PSLZ LLP  
Certified Public Accountants



## Management's Discussion and Analysis

This discussion and analysis of the City of Linden's financial performance provides a narrative overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read in conjunction with the City's financial statements.

### Financial Highlights

- The assets of the City of Linden exceeded its liabilities at the close of the most recent fiscal year by \$7,187,524 (*net position*). Of this amount, \$2,061,404 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$722,902.
- At the close of the most recent fiscal year, the City of Linden's governmental funds reported combined ending fund balances of \$2,033,813. Of this amount, \$759,451 (37%) is *available for spending* at the government's discretion (*unrestricted fund balance*).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$759,451, or 39 percent of total general fund expenditures.
- The City of Linden's total bonded and contract debt increased by \$41,658 during the current fiscal year as a result the issuance of \$750,000 of special assessment bonds and \$145,000 of an installment loan for the street lighting project less annual debt payments made.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Linden's basic financial statements, which have three components:

- 1) Government-Wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Financial Statements.

### Government-wide financial statements.

The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Linden's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Linden's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Linden is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused compensatory leave).

Both of the government-wide financial statements distinguish functions of the City of Linden that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Linden include general government, public works, and public safety. The business-type activities of the City of Linden are the Water and Sewer Funds.

The government-wide financial statements can be found on pages 11-13 of this report.

### **Fund financial statements.**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Linden, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Linden can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### ***Governmental funds.***

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and

the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the major streets fund, and the local streets fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 14-16 of this report.

### ***Proprietary funds.***

The City of Linden maintains two proprietary funds, the Water Fund and the Sewer Fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Linden uses a enterprise funds to account for its Water and Sewer operations.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund and Sewer Fund which are considered to be a major funds of the City of Linden.

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

### ***Fiduciary funds.***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Linden's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 20 of this report.

### **Notes to the financial statements.**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-39 of this report.

## Government-wide Financial Analysis

Assets exceeded liabilities by \$7,187,524 at the close of the most recent fiscal year. Of the City of Linden's net position, 54 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Linden uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Linden's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 3,296,944	\$ 2,513,515	\$ 1,049,750	\$ 897,562	\$ 4,346,694	\$ 3,411,077
Capital Assets	5,001,849	4,754,434	3,738,330	4,074,528	8,740,179	8,828,962
Total Assets	<u>8,298,793</u>	<u>7,267,949</u>	<u>4,788,080</u>	<u>4,972,090</u>	<u>13,086,873</u>	<u>12,240,039</u>
Current liabilities	70,079	590,401	249,869	557,878	319,948	1,148,279
Noncurrent liabilities	3,405,389	2,453,126	2,174,012	2,174,012	5,579,401	4,627,138
Total Liabilities	<u>3,475,468</u>	<u>3,043,527</u>	<u>2,423,881</u>	<u>2,731,890</u>	<u>5,899,349</u>	<u>5,775,417</u>
Net Position:						
Net Investment in capital assets	2,304,646	2,287,704	1,564,318	1,483,226	3,868,964	3,770,930
Restricted	1,257,156	965,642	-	48,677	1,257,156	1,014,319
Unrestricted	1,261,523	971,076	799,881	708,297	2,061,404	1,679,373
Total Net Position	<u>\$ 4,823,325</u>	<u>\$ 4,224,422</u>	<u>\$ 2,364,199</u>	<u>\$ 2,240,200</u>	<u>\$ 7,187,524</u>	<u>\$ 6,464,622</u>

At the end of the current fiscal year, the City of Linden is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Net position increased by \$722,902 during the current fiscal year.

**Governmental activities.**

Governmental activities increased net position by \$598,903.

City of Linden - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 1,231,883	\$ 529,235	\$ 1,269,213	\$ 1,371,754	\$ 2,501,096	\$ 1,900,989
Operating Grants & Contributions	318,169	267,131	-	-	318,169	267,131
Capital Grants & Contributions	29,728	-	293,908	-	323,636	-
General Revenues:						
Property Taxes	1,035,380	1,021,063	-	-	1,035,380	1,021,063
State Revenue Sharing	318,679	313,541	-	-	318,679	313,541
Investment Earnings	2,667	45,171	9,216	10,793	11,883	55,964
Miscellaneous	114,910	27,738	-	-	114,910	27,738
Total Revenues	<u>3,051,416</u>	<u>2,203,879</u>	<u>1,572,337</u>	<u>1,382,547</u>	<u>4,623,753</u>	<u>3,586,426</u>
Expenses:						
General Government	811,653	1,037,444	-	-	811,653	1,037,444
Public Safety	711,468	728,254	-	-	711,468	728,254
Public Works	823,369	589,444	-	-	823,369	589,444
Recreation and Cultural	12,728	32,177	-	-	12,728	32,177
Interest on Long-Term Debt	93,295	115,501	-	-	93,295	115,501
Sewer	-	-	878,116	748,117	878,116	748,117
Water	-	-	570,222	574,958	570,222	574,958
Total Expenses	<u>2,452,513</u>	<u>2,502,820</u>	<u>1,448,338</u>	<u>1,323,075</u>	<u>3,900,851</u>	<u>3,825,895</u>
Change in Net Position	<u>\$ 598,903</u>	<u>\$ (298,941)</u>	<u>\$ 123,999</u>	<u>\$ 59,472</u>	<u>\$ 722,902</u>	<u>\$ (239,469)</u>

The increase in net position in the governmental activities is attributable to the fact that in the current year, the City added a special assessment receivable of approximately \$750,000 for the Saddlebrook Farms Street Improvement Project.

**Business-type activities.**

Business-type activities increased net position by \$123,999. The increase reflects approximately \$60,000 in sewer tap fees from the Willowbrook development.

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Linden uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.**

The focus of the City of Linden's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$2,033,813, of which \$759,451 (37%) constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. Total governmental fund balances increased \$258,684.

The General Fund is the chief operating fund of the City of Linden. At the end of the current fiscal year, the total fund balance of the general fund was \$938,239, of which \$17,206 represents prepaid expenditures at year end, \$38,978 represents donor restricted contributions for improvements to the Mill Building, \$122,604 is restricted public education grant funds, and \$148,877 has been assigned by City Council for use in the fiscal year 2016 budget.

The fund balance of the City's General Fund decreased by \$3,947 during the fiscal year, as compared to an increase of \$24,143 in the prior year.

**Proprietary funds.**

The City of Linden's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The current year unrestricted net position of the Sewer Fund was \$442,929 as compared with \$346,578 in the prior year. The Water Fund unrestricted net position was \$356,952 as compared to \$361,719 in the prior year.

## **General Fund Budgetary Highlights**

There were minor departmental changes between the original budget and the final amended budget totals in revenues and expenditures of the general fund.

## **Capital Asset and Debt Administration**

### **Capital assets.**

The City of Linden's investment in capital assets for its governmental and business type activities is \$8,740,179 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, vehicles, roads, and bridges. The increase in the City of Linden's investment in capital assets for the current fiscal year was a 5 percent increase for governmental activities, and an 8 percent decrease in business-type activities.

Major capital asset events during the current fiscal year included the following:

- Saddlebrook Farms Street Improvements (\$521,525)
- Lighting Improvement Project (\$144,941)

Additional information on the City of Linden's capital assets can be found in note III.B on pages 29-30 of this report.

### **Long-term debt.**

At the end of the current fiscal year, the City of Linden had total bond debt outstanding of \$4,961,940, including both governmental and business-type activities, and \$137,750 of installment loans payable. The City of Linden's total bond debt decreased by \$96,092 during the current fiscal year as a result the issuance of \$750,000 of special assessment bonds less annual principal payments of \$846,092 made during the year. Also, during the current fiscal year, the City issued \$145,000 in installment notes payable to finance the street lighting project. During fiscal year 2015, the City paid off General Obligation Bonds Series 2000, Special Assessment Bonds Series 2000A, and Water Supply Revenue Bonds Series 2000A.

Additional information on the City of Linden's long-term debt can be found in note III.D. on pages 32-35 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the City's budget for the 2015-2016 fiscal year:

- Additional revenue provided by the State due to a 39.5% increase in population as a result of the 2010 census.
- Expenditures devoted to debt service as a result of previous project financing.
- The declining property values for tax revenues.
- The need to incorporate maintenance projects on City buildings.
- The continuing need to provide services at the same level our residents have come to expect.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Linden's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Clerk at P.O. Box 507, Linden, Michigan 48451.

BASIC FINANCIAL STATEMENTS



**CITY OF LINDEN**  
**Statement of Net Position**  
**June 30, 2015**

	<b>Primary Government</b>			<b>Component Unit - DDA</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,527,790	\$ 663,686	\$ 2,191,476	\$ 64,924
Receivables (net of allowance for uncollectibles)	1,351,753	369,167	1,720,920	-
Due from Other Governmental Units	151,829	5,849	157,678	-
Due from Other Funds	248,366	-	248,366	-
Inventory	-	10,820	10,820	-
Prepaid Expenditures	17,206	228	17,434	-
Total Current Assets	<u>3,296,944</u>	<u>1,049,750</u>	<u>4,346,694</u>	<u>64,924</u>
Noncurrent Assets:				
Capital Assets , not being depreciated	84,069	7,027	91,096	-
Capital Assets, net of accumulated depreciation	4,917,780	3,731,303	8,649,083	-
Net Capital Assets	<u>5,001,849</u>	<u>3,738,330</u>	<u>8,740,179</u>	<u>-</u>
Total Assets	<u>8,298,793</u>	<u>4,788,080</u>	<u>13,086,873</u>	<u>64,924</u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	34,453	1,503	35,956	12,108
Accrued Liabilities	14,304	-	14,304	-
Due to Other Funds	-	248,366	248,366	-
Unearned Revenue	21,322	-	21,322	-
Noncurrent Liabilities:				
Other Post Employment Benefit Liability	428,505	-	428,505	-
Compensated Absences	51,206	-	51,206	-
Due within one year	431,182	390,989	822,171	-
Due in more than one year	2,494,496	1,783,023	4,277,519	-
Total Liabilities	<u>3,475,468</u>	<u>2,423,881</u>	<u>5,899,349</u>	<u>12,108</u>
<b><u>NET POSITION</u></b>				
Net Investment in Capital Assets	2,304,646	1,564,318	3,868,964	-
Restricted for:				
Mill Building	38,978	-	38,978	-
Public Education Grant	122,604	-	122,604	-
Streets	283,055	-	283,055	-
Debt Service	533,678	-	533,678	-
Capital Projects	228,475	-	228,475	-
Perpetual Care:				
Nonexpendable	50,000	-	50,000	-
Expendable	366	-	366	-
Unrestricted	1,261,523	799,881	2,061,404	52,816
Total Net Position	<u>\$ 4,823,325</u>	<u>\$ 2,364,199</u>	<u>\$ 7,187,524</u>	<u>\$ 52,816</u>

**CITY OF LINDEN**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 811,653	\$ 277,700	\$ -	\$ 29,728
Public Safety	711,468	45,566	482	-
Public Works	823,369	939,754	317,687	-
Recreation and Cultural	12,728	-	-	-
Interest on Long-Term Debt	93,295	-	-	-
Total Governmental Activities	<u>2,452,513</u>	<u>1,263,020</u>	<u>318,169</u>	<u>29,728</u>
Business-type Activities:				
Sewer	878,116	822,746	-	274,111
Water	570,222	446,467	-	19,797
Total Business-type Activities	<u>570,222</u>	<u>1,269,213</u>	<u>-</u>	<u>293,908</u>
Total Primary Government	<u>\$ 3,022,735</u>	<u>\$ 2,532,233</u>	<u>\$ 318,169</u>	<u>\$ 323,636</u>
<b>Component Unit-DDA</b>	<u>\$ 30,830</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ -</u>

General Revenues:  
Property Taxes  
State Shared Revenue  
Franchise Fees  
Unrestricted Investment Earnings  
Total General Revenues

Change in Net Position  
Net Position - Beginning

Net Position - Ending

**Net (Expense) Revenue and Changes in Net Position**

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit - DDA
\$ (504,225)	\$ -	\$ (504,225)	\$ -
(665,420)	-	(665,420)	-
434,072	-	434,072	-
(12,728)	-	(12,728)	-
(93,295)	-	(93,295)	-
(841,596)	-	(841,596)	-
-	218,741	218,741	-
-	(103,958)	(103,958)	-
-	114,783	114,783	-
(841,596)	114,783	(726,813)	-
-	-	-	(30,150)
1,004,243	-	1,004,243	61,461
318,679	-	318,679	-
114,910	-	114,910	-
2,667	9,216	11,883	1
1,440,499	9,216	1,449,715	61,462
598,903	123,999	722,902	31,312
4,224,422	2,240,200	6,464,622	21,504
\$ 4,823,325	\$ 2,364,199	\$ 7,187,524	\$ 52,816

**CITY OF LINDEN**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

		<u>General</u>		<u>Local Street</u>		<u>Ten Streets Debt</u>		<u>Other Governmental Funds</u>		<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>										
Cash and Cash Equivalents	\$	316,318	\$	348,085	\$	118,817	\$	661,241	\$	1,444,461
Receivables:										
Accounts		98,081		-		-		-		98,081
Special Assessments		5,697		-		417,469		830,506		1,253,672
Due from State		107,047		16,435		-		28,347		151,829
Due from Other Funds		482,540		-		295,266		54,658		832,464
Prepaid Expenditures		17,206		-		-		-		17,206
		<u>1,026,889</u>		<u>364,520</u>		<u>831,552</u>		<u>1,574,752</u>		<u>3,797,713</u>
Total Assets	\$	<u>1,026,889</u>	\$	<u>364,520</u>	\$	<u>831,552</u>	\$	<u>1,574,752</u>	\$	<u>3,797,713</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:</u></b>										
Liabilities:										
Accounts Payable	\$	33,800	\$	123	\$	-	\$	530	\$	34,453
Accrued and Other Liabilities		14,304		-		-		-		14,304
Due to Other Funds		19,224		223,159		140,034		201,681		584,098
Unavailable Revenue		21,322		-		-		-		21,322
Total Liabilities		<u>88,650</u>		<u>223,282</u>		<u>140,034</u>		<u>202,211</u>		<u>654,177</u>
Deferred Inflows of Resources:										
Unavailable Special Assessments		-		-		339,346		770,377		1,109,723
Fund Balances:										
Nonspendable-Permanent Corpus		-		-		-		50,000		50,000
Nonspendable-Prepays		17,206		-		-		-		17,206
Restricted for:										
Mill Building Improvements		38,978		-		-		-		38,978
Public Education Grant		122,604		-		-		-		122,604
Streets		-		141,238		-		141,817		283,055
Debt Service		-		-		352,172		181,506		533,678
Capital Projects		-		-		-		228,475		228,475
Perpetual Care		-		-		-		366		366
Assigned for Subsequent Year		148,877		-		-		-		148,877
Unassigned		610,574		-		-		-		610,574
Total Fund Balance		<u>938,239</u>		<u>141,238</u>		<u>352,172</u>		<u>602,164</u>		<u>2,033,813</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	<u>1,026,889</u>	\$	<u>364,520</u>	\$	<u>831,552</u>	\$	<u>1,574,752</u>		

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, therefore, are not reported in the funds.		4,908,662
Internal Service Funds are used by management to charge the costs of motor pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		176,516
Special Assessment Receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.		1,109,723
Other Post Employment Benefit Liability		(428,505)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		<u>(2,976,884)</u>
Net Position of Governmental Activities		<u>\$ 4,823,325</u>

**CITY OF LINDEN**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General</u>	<u>Local Street</u>	<u>Ten Streets Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property Taxes	\$ 1,004,243	\$ -	\$ -	\$ -	\$ 1,004,243
Licenses and Permits	20,788	-	-	-	20,788
Intergovernmental:					
Federal, State and Local	365,012	96,202	-	205,362	666,576
Charges for Services	502,340	-	-	-	502,340
Fines and Forfeitures	2,189	-	-	-	2,189
Special Assessments	-	-	96,912	114,372	211,284
Franchise Fees	114,910	-	-	-	114,910
Interest	2,296	188	115	68	2,667
Total Revenues	<u>2,011,778</u>	<u>96,390</u>	<u>97,027</u>	<u>319,802</u>	<u>2,524,997</u>
<b>Expenditures</b>					
Current:					
General Government	774,812	-	-	-	774,812
Public Safety	665,923	-	-	-	665,923
Public Works	364,153	63,986	-	66,868	495,007
Recreation and Cultural	12,728	-	-	-	12,728
Debt Service:					
Principal	7,250	173,518	90,000	165,284	436,052
Interest and Other Charges	2,406	44,980	29,175	33,764	110,325
Capital Outlay	144,941	-	-	521,525	666,466
Total Expenditures	<u>1,972,213</u>	<u>282,484</u>	<u>119,175</u>	<u>787,441</u>	<u>3,161,313</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>39,565</u>	<u>(186,094)</u>	<u>(22,148)</u>	<u>(467,639)</u>	<u>(636,316)</u>
<b>Other Financing Sources (Uses)</b>					
Bond Proceeds	-	-	-	750,000	750,000
Loan Proceeds	145,000	-	-	-	145,000
Transfers In	-	215,000	-	18,512	233,512
Transfers Out	(188,512)	-	-	(45,000)	(233,512)
Total Other Financing Sources (Uses)	<u>(43,512)</u>	<u>215,000</u>	<u>-</u>	<u>723,512</u>	<u>895,000</u>
Net Change in Fund Balance	(3,947)	28,906	(22,148)	255,873	258,684
Fund Balance - Beginning	<u>942,186</u>	<u>112,332</u>	<u>374,320</u>	<u>346,291</u>	<u>1,775,129</u>
Fund Balance - Ending	<u>\$ 938,239</u>	<u>\$ 141,238</u>	<u>\$ 352,172</u>	<u>\$ 602,164</u>	<u>\$ 2,033,813</u>

**CITY OF LINDEN**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2015**

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

Net change in fund balance - total governmental funds	\$	258,684
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.</p>		
Capital Outlay		666,466
Depreciation Expense		(346,139)
<p>Internal service funds are used by management to charge the costs of fleet management to individual funds. The net revenue(loss) of certain activities of internal service funds is reported with governmental activities.</p>		
		(40,960)
<p>Special Assessment revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.</p>		
		526,419
<p>Change in Other Post Employment Benefits</p>		
		(26,928)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of Bonds		(750,000)
Issuance of Installment Notes Payable		(145,000)
Principal Repayments		436,052
Decrease in Accrued Interest Payable		17,030
Decrease in Compensated Absences		3,279
		3,279
Change in net position in governmental activities	\$	598,903

**CITY OF LINDEN**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and Cash Equivalents	\$ 34,882	\$ 628,804	\$ 663,686	\$ 83,329
Accounts Receivable	220,198	148,969	369,167	-
Due from State	5,849	-	5,849	-
Inventory	-	10,820	10,820	-
Prepaid Expenses	-	228	228	-
Total Current Assets	<u>260,929</u>	<u>788,821</u>	<u>1,049,750</u>	<u>83,329</u>
Noncurrent Assets:				
Advance to Other Funds	<u>182,000</u>	<u>-</u>	<u>182,000</u>	<u>-</u>
Capital Assets not being depreciated	-	7,027	7,027	-
Capital Assets	4,483,352	5,423,878	9,907,230	1,287,226
Less: Accumulated Depreciation	<u>(2,732,075)</u>	<u>(3,443,852)</u>	<u>(6,175,927)</u>	<u>(1,194,039)</u>
Net Property, Plant and Equipment	<u>1,751,277</u>	<u>1,987,053</u>	<u>3,738,330</u>	<u>93,187</u>
Total Assets	<u>\$ 2,194,206</u>	<u>\$ 2,775,874</u>	<u>\$ 4,970,080</u>	<u>\$ 176,516</u>
<b><u>LIABILITIES AND NET POSITION</u></b>				
Current Liabilities:				
Accounts Payable	\$ -	\$ 1,503	\$ 1,503	\$ -
Due to Other Funds	-	248,366	248,366	-
Current Portion of Bonds Payable	252,672	138,317	390,989	-
Total Current Liabilities	<u>252,672</u>	<u>388,186</u>	<u>640,858</u>	<u>-</u>
Long-Term Liabilities:				
Advance from Other Funds	-	182,000	182,000	-
Bonds Payable, net of current portion	<u>359,268</u>	<u>1,423,755</u>	<u>1,783,023</u>	<u>-</u>
Total Long-Term Liabilities	<u>359,268</u>	<u>1,605,755</u>	<u>1,965,023</u>	<u>-</u>
Total Liabilities	<u>611,940</u>	<u>1,993,941</u>	<u>2,605,881</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	1,139,337	424,981	1,564,318	93,187
Unrestricted	<u>442,929</u>	<u>356,952</u>	<u>799,881</u>	<u>83,329</u>
Total Net Position	<u>1,582,266</u>	<u>781,933</u>	<u>2,364,199</u>	<u>176,516</u>
Total Liabilities and Net Position	<u>\$ 2,194,206</u>	<u>\$ 2,775,874</u>	<u>\$ 4,970,080</u>	<u>\$ 176,516</u>

**CITY OF LINDEN**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b><u>Operating Revenues:</u></b>				
Charges for Services	\$ 822,746	\$ 446,467	\$ 1,269,213	\$ 72,000
<b><u>Operating Expenses:</u></b>				
Salaries and Fringe Benefits	8,777	50,553	59,330	10,547
General and Administrative	80,339	112,392	192,731	7,462
Sewage Treatment	425,613	-	425,613	-
Supplies	-	38,631	38,631	8,343
Contract Services	-	666	666	-
Equipment Repairs & Rentals	220,177	74,918	295,095	5,518
Depreciation	114,691	221,507	336,198	81,096
Total Operating Expenses	<u>849,597</u>	<u>498,667</u>	<u>1,348,264</u>	<u>112,966</u>
Operating Income (Loss)	<u>(26,851)</u>	<u>(52,200)</u>	<u>(79,051)</u>	<u>(40,966)</u>
<b><u>Non-Operating Revenues (Expenses):</u></b>				
State Grants	196,655	-	196,655	-
Interest Earned	9,011	205	9,216	6
Interest Expense and Related Fees	<u>(28,519)</u>	<u>(71,555)</u>	<u>(100,074)</u>	<u>-</u>
Total Non-Operating (Revenues) Expenses	<u>177,147</u>	<u>(71,350)</u>	<u>105,797</u>	<u>6</u>
Income before Contributions	150,296	(123,550)	26,746	(40,960)
Capital Contributions - Tap Fees	<u>77,456</u>	<u>19,797</u>	<u>97,253</u>	<u>-</u>
Change in Net Position	227,752	(103,753)	123,999	(40,960)
Net Position, Beginning	<u>1,354,514</u>	<u>885,686</u>	<u>2,240,200</u>	<u>217,476</u>
Net Position, Ending	<u>\$ 1,582,266</u>	<u>\$ 781,933</u>	<u>\$ 2,364,199</u>	<u>\$ 176,516</u>

**CITY OF LINDEN**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities</b>
	<b>Sewer</b>	<b>Water</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Receipts from Customers and Users	\$ 829,207	\$ 760,837	\$ 1,590,044	\$ 72,000
Payments to Suppliers	(838,895)	(217,033)	(1,055,928)	(21,877)
Payments to Employees	(9,290)	(52,028)	(61,318)	(10,781)
Net Cash Provided by Operating Activities	<u>(18,978)</u>	<u>491,776</u>	<u>472,798</u>	<u>39,342</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>				
State Grants Received	196,655	-	196,655	-
Capital Contributions	77,456	19,797	97,253	-
Purchase of Capital Assets	-	-	-	(8,184)
Principal Paid on Capital Debt	(246,092)	(171,198)	(417,290)	-
Interest Paid on Capital Debt	(37,973)	(84,480)	(122,453)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,954)</u>	<u>(235,881)</u>	<u>(245,835)</u>	<u>(8,184)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>				
Interest Earned	<u>9,011</u>	<u>205</u>	<u>9,216</u>	<u>6</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19,921)	256,100	236,179	31,164
Cash and Cash Equivalents, Beginning	<u>54,803</u>	<u>372,704</u>	<u>427,507</u>	<u>52,165</u>
Cash and Cash Equivalents, Ending	<u>\$ 34,882</u>	<u>\$ 628,804</u>	<u>\$ 663,686</u>	<u>\$ 83,329</u>
<b><u>Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:</u></b>				
Operating Income (Loss)	\$ (26,851)	\$ (52,200)	\$ (79,051)	\$ (40,966)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	114,691	221,507	336,198	81,096
(Increase) Decrease in Receivables	(28,690)	107,004	78,314	-
(Increase) Decrease in Due from State	(5,849)	-	(5,849)	-
(Increase) Decrease in Inventory	-	11,046	11,046	197
(Increase) Decrease in Prepaid Expenses	53	427	480	-
(Increase) Decrease in Advance to Other Funds	41,000	-	41,000	-
Increase (Decrease) in Accounts Payable	(112,819)	(1,899)	(114,718)	(751)
Increase (Decrease) in Accrued Wages	(513)	(1,475)	(1,988)	(234)
Increase (Decrease) in Due to Other Funds	-	248,366	248,366	-
Increase (Decrease) in Advance from Other Funds	-	(41,000)	(41,000)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (18,978)</u>	<u>\$ 491,776</u>	<u>\$ 472,798</u>	<u>\$ 39,342</u>

**CITY OF LINDEN**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Private Purpose Trust Fund Retiree Health Care	Agency Fund Tax Collection
<b><u>ASSETS</u></b>		
Cash and Cash Equivalents	\$ 349,608	\$ 41,656
<b><u>LIABILITIES</u></b>		
Due to Other	-	41,656
<b><u>NET POSITION</u></b>		
Held in Trust for Retirement Benefits	\$ 349,608	\$ -

**CITY OF LINDEN**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Private Purpose Trust Fund Retiree Health Care
<b>Additions:</b>	
Contributions: Employer	\$ 40,000
Investment Earnings: Interest and Dividends	728
Total Additions	40,728
<b>Deductions:</b>	
Benefits Paid	52,706
Change in Net Position	(11,978)
Net Position - Beginning of Year	361,586
Net Position - End of Year	\$ 349,608

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Linden is located in Genesee County, Michigan and has a population of approximately 4,000. The City operates under a City Manager and an elected City Council form of government to provide services to its residents including general administration, law enforcement, highways and streets, human services, and utilities.

As required by generally accepted accounting principles, these financial statements present the City of Linden and its component units, entities for which the government is considered to be financially accountable. 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 government.

*Discretely Presented Component Unit*

Downtown Development Authority

The City of Linden Downtown Development Authority (DDA) was established to promote economic growth and revitalization of the City's business district. The DDA Board is appointed by the City Council and the annual operating budget and any modifications require the approval of the City Council. The DDA has a June 30 fiscal year end.

*Joint Ventures*

The City participates in the following activities which are considered to be joint ventures in relation to the City, due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and financial responsibility.

Southern Lakes Regional Metropolitan Parks and Recreation Commission

The City is a member of the Southern Lakes Regional Metropolitan Parks and Recreation Commission (SLP&R), which is a joint venture between the City of Linden, the City of Fenton, and the Township of Fenton. The City appoints two of the six members of the governing board. SLP&R provides recreational activities for the common interest and welfare of all residents of the Southern Lakes Regional Metropolitan District. During fiscal year 2015, the City contributed \$6,027 to the SLP&R.

The financial activities of the SLP&R are accounted for and reported separately from the participating units. Separate audited financial statements are available at SLP&R's administrative offices.

Loose Senior Citizens Center, Inc.

The City is a member of the Loose Senior Citizens Center (LSCC) and appoints one governing board member. LSCC provides a non-residential activity center to older people in the Southern Genesee County area. Separate audited financial statements are available at LSCC's administrative offices.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Governmental Funds

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

The Local Street Fund is a special revenue fund used to account for the resources of State gas and weight tax revenues that are restricted for used on local streets.

The Ten Streets Fund is a debt service fund used to account for the restricted special assessment revenues and the related debt payments.

In addition, the City reports on the following fund types:

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects).

The debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

The capital project fund is used to account for the financial resources to be used for the acquisition or construction of major capital projects (other than those financed by Proprietary Funds.)

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs. This includes the perpetual care fund for the municipal cemetery.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds include the enterprise fund types.

Enterprise Funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The City has 2 enterprise funds, the Water Fund and the Sewer Fund, which account for the operations of the water distribution and treatment systems and sewer services, the costs of which are recovered primarily through user charges. The City's Water Fund and Sewer Fund are both major funds.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

Retiree Healthcare Trust Fund, which accumulates resources for future retiree health care payments.

The Agency Fund is used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

*Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks. Investments for the City, as well as for its component units, are recorded at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements. All trade and property tax receivables are shown net of allowance for uncollectible accounts.

3. Inventory

Inventories are valued at cost using the first-in/first-out method in the proprietary funds. The cost of inventory items in the governmental funds is recorded as an expenditure at the time of purchase.

4. Capital Assets

Capital assets are recorded (net of accumulated depreciation) in the government-wide financial statements as governmental or business-type activities. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than two years. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. 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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is computed using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	15-30
Equipment	5-10
Water & Sewer Systems	20-50
Infrastructure	20

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position – Continued

4. Compensated Absences

City employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the contracts or City policy. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The long-term portion of compensated absences related to the governmental funds is a liability recorded in the Statement of Net Position. The compensated absences liability at June 30, 2015 recorded is \$51,206.

5. Long-term Obligations

In the government-wide financial statements, and 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.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position. Long-term liabilities expected to be financed from proprietary funds are reported as liabilities in those funds.

6. Fund Equity

In the fund financial statements, governmental funds report the following components of fund balance:

Nonspendable – Amounts that are not in spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

Committed – Amounts that have been formally set aside by the City Council for use for a specific purpose. Commitments are made and can be rescinded only via resolution of the City Council.

Assigned – Intent to spend resources on specific purposes expressed by the City Council.

Unassigned – This is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them for the General and Special Revenue Funds for the upcoming year.
2. A public hearing and adoption of the budget before July 1.
3. On or before the first regular Council meeting in May, by resolution, the budget is legally adopted in accordance with the General Appropriations Act.
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP). The General Fund and Special Revenue Fund budgets are adopted at the activity level.
5. Budget appropriations lapse at fiscal year end.
6. The City Council may authorize supplemental appropriations (budget amendments) during the year. In 2015, several budget amendments were made and are reflected in the financial statements.

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of June 30, 2015.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budgets for the General and Special Revenue Funds are adopted at the activity level. Expenditures in excess of budget appropriations as of June 30, 2015 are as follow:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Over Appropriation</u>
General Fund:			
Police	\$ 501,800	\$ 508,913	\$ 7,113
Fire	141,500	157,010	15,510
Solid Waste	158,000	165,037	7,037
Street Lighting	52,000	55,033	3,033
Debt Service	-	9,656	9,656
Capital Outlay	-	144,941	144,941

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the City is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

Custodial Credit Risk is the risk that in the event of a bank failure, the City's deposits may not be recovered. Neither State law nor the City's investment policy requires consideration of custodial credit risk. As of June 30, 2015, the City's book balance of its deposits was \$2,582,740. The bank balance was \$2,991,881 which was exposed to custodial credit risk, as follows:

	<u>Bank Balance</u>
Insured by F.D.I.C.	\$ 750,000
Uninsured and Uncollateralized	<u>2,241,881</u>
Total	<u>\$2,991,881</u>

A reconciliation of cash for the primary government follows:

Cash and Cash Equivalents per:	
Statement of Net Position	\$2,191,476
Statement of Fiduciary Net Position	<u>391,264</u>
Total	<u>\$2,582,740</u>

At June 30, 2015, the carrying amount and bank balances of the component units of the City of Linden are as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>FDIC Insured</u>
Downtown Development Authority	<u>\$ 64,924</u>	<u>\$ 64,924</u>	<u>\$ 64,924</u>

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds 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.

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City's deposits and investments, including the Downtown Development Authority, consisted of checking, savings, and money market accounts at June 30, 2015.

Concentration of Credit Risk. The City's investment policy places no limit on the amount the City may invest in any one issuer.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 84,069	\$ -	\$ -	\$ 84,069
Capital Assets, being depreciated:				
Infrastructure	6,648,219	666,466	-	7,314,685
Buildings and Improvements	1,073,915	-	-	1,073,915
Equipment	1,377,217	8,184	-	1,385,401
	<u>9,099,351</u>	<u>674,650</u>	<u>-</u>	<u>9,774,001</u>
Less: Accumulated Depreciation:				
Infrastructure	(2,363,534)	(332,411)	-	(2,695,945)
Buildings and Improvements	(895,648)	(32,587)	-	(928,235)
Equipment	(1,169,804)	(62,237)	-	(1,232,041)
	<u>(4,428,986)</u>	<u>(427,235)</u>	<u>-</u>	<u>(4,856,221)</u>
Governmental Activities Capital Assets, net	<u>\$ 4,754,434</u>	<u>\$ 247,415</u>	<u>\$ -</u>	<u>\$ 5,001,849</u>

Depreciation expense was charged on the Statement of Activities as follows:

General Government	\$ 30,120
Public Safety	4,657
Public Works	311,362
Charged through Internal Service Funds	<u>81,096</u>
	<u>\$ 427,235</u>

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets – Continued

<u>Business-type Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets not being depreciated:				
Land	\$ 7,027	\$ -	\$ -	\$ 7,027
Capital Assets, being depreciated:				
Buildings	3,608,814	-	-	3,608,814
Sewer System	874,538	-	-	874,538
Water System	5,423,878	-	-	5,423,878
	<u>9,907,230</u>	<u>-</u>	<u>-</u>	<u>9,907,230</u>
Less: Accumulated Depreciation:				
Buildings	(2,158,006)	(72,176)	-	(2,230,182)
Sewer System	(459,378)	(42,515)	-	(501,893)
Water System	(3,222,345)	(221,507)	-	(3,443,852)
	<u>(5,839,729)</u>	<u>(336,198)</u>	<u>-</u>	<u>(6,175,927)</u>
Business-type Activities				
Capital Assets, net	\$ <u>4,074,528</u>	\$ <u>(336,198)</u>	\$ <u>-</u>	\$ <u>3,738,330</u>

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables, Payables and Transfers

Interfund receivable and payables as of June 30, 2015 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Major Street Fund	\$ 26,331
General Fund	Local Street Fund	143,131
General Fund	West Broad Debt Fund	656
General Fund	Tickner Debt Fund	1,188
General Fund	North Bridge Debt Fund	1,800
General Fund	Ripley Debt Fund	2,681
General Fund	Tenth Street Debt Fund	104,600
General Fund	Saddlebrook Debt Fund	13,760
General Fund	Water Fund	188,393
East Broad Debt Fund	General Fund	19,224
Tenth Street Debt Fund	Major Street Fund	31,282
Tenth Street Debt Fund	Local Street Fund	80,028
Tenth Street Debt Fund	East Broad Debt Fund	20,600
Tenth Street Debt Fund	West Broad Debt Fund	26,300
Tenth Street Debt Fund	Tickner Debt Fund	26,762
Tenth Street Debt Fund	North Bridge Debt Fund	32,340
Tenth Street Debt Fund	Ripley Debt Fund	17,981
Tenth Street Debt Fund	Water Fund	59,973
Saddlebrook Debt Fund	Tenth Street Debt Fund	35,434
		<u>\$ 832,464</u>

Balances at year end represent transfers of funds that have not been completed at year end.

<u>Advance Receivable</u>	<u>Advance Payable</u>	<u>Amount</u>
Sewer Fund	Water Fund	\$ <u>182,000</u>

The composition of interfund transfers as of June 30, 2015, is as follows:

Local Street Fund	General Fund	\$ 170,000
Local Street Fund	Major Street Fund	45,000
East Broad Debt Fund	General Fund	18,512
		<u>\$ 233,512</u>

Transfers to the Local Street Fund represent supplemental amounts for debt service payments. The transfer to the East Broad Debt Service fund represents a supplemental transfer to closeout the fund.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2015:

	Balance July 1, 2014	Add: Additional Debt Incurred	Less: Retirements and Payments on Debt	Balance June 30, 2015	Due Within One Year
Governmental Activities:					
2000 General Obligation Bonds	\$ 35,000	\$ -	\$ 35,000	\$ -	\$ -
2002 General Obligation Bonds	155,000	-	50,000	105,000	50,000
2003 General Obligation Bonds	126,730	-	28,802	97,928	31,682
2005 General Obligation Bonds	175,000	-	20,000	155,000	25,000
2007 General Obligation Bonds	835,000	-	90,000	745,000	95,000
2000A Special Assessment Bonds	20,000	-	20,000	-	-
2001 Special Assessment Bonds	50,000	-	25,000	25,000	25,000
2002 Special Assessment Bonds	75,000	-	25,000	50,000	25,000
2003 Special Assessment Bonds	120,000	-	30,000	90,000	30,000
2005 Special Assessment Bonds	145,000	-	15,000	130,000	20,000
2007 Special Assessment Bonds	730,000	-	90,000	640,000	90,000
2014 Special Assessment Bonds	-	750,000	-	750,000	25,000
2014 Installment Loan	-	145,000	7,250	137,750	14,500
	<u>2,466,730</u>	<u>895,000</u>	<u>436,052</u>	<u>2,925,678</u>	<u>431,182</u>
Compensated Absences	54,485	-	3,279	51,206	-
Total Governmental Activities	<u>2,521,215</u>	<u>895,000</u>	<u>439,331</u>	<u>2,976,884</u>	<u>431,182</u>
Business-type Activities:					
2000A Water Supply System Bonds	45,000	-	45,000	-	-
2003 General Obligation Bonds	93,270	-	21,198	72,072	23,317
2005B Capital Improvement Bonds	405,000	-	30,000	375,000	30,000
2007 Capital Improvement Bonds	545,000	-	30,000	515,000	35,000
2005A Water Improvement Bonds	645,000	-	45,000	600,000	50,000
2005 Sewage Disposal Refunding Bonds	349,398	-	175,028	174,370	174,370
2007 Sewage Disposal Refunding Bonds	508,634	-	71,064	437,570	78,302
Total Business-type Activities	<u>2,591,302</u>	<u>-</u>	<u>417,290</u>	<u>2,174,012</u>	<u>390,989</u>
Total Primary Government Debt	<u>\$5,112,517</u>	<u>\$ 895,000</u>	<u>\$ 856,621</u>	<u>\$5,150,896</u>	<u>\$ 822,171</u>

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

The following is a summary of general obligation debt outstanding (excluding compensated absences) of the City as of June 30, 2015:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
<u>Governmental Activities:</u>				
General Obligation Bonds	4	3.80-4.85%	2022	\$ 1,102,928
Special Assessment Bonds	6	1.00-5.25%	2029	1,685,000
Act 99 Installment Loan	1	3.30%	2025	137,750
				<u>\$ 2,925,678</u>
 <u>Business-type Activities:</u>				
General Obligation Bonds	6	3.80-5.00%	2027	<u>\$ 2,174,012</u>

The annual debt service requirements to maturity for debt outstanding as of June 30, 2015 are as follows:

<u>Year Ended</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 431,182	\$ 102,335	\$ 390,989	\$ 95,536
2017	436,182	85,596	258,074	78,039
2018	364,064	69,349	270,851	67,425
2019	304,500	57,245	249,098	56,733
2020	314,500	46,046	135,000	46,353
2021-2025	800,250	90,538	765,000	136,129
2026-2030	275,000	21,931	105,000	8,000
	<u>\$ 2,925,678</u>	<u>\$ 473,040</u>	<u>\$ 2,174,012</u>	<u>\$ 488,215</u>

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

***Governmental Activities:***

General Obligation Bonds

\$590,000 General Obligation Bonds dated June 1, 2002, due in annual installments with interest ranging from 4.65 to 4.85 percent. \$ 105,000

\$377,310 Limited Tax General Obligation Transportation Bonds dated July 1, 2003, due in annual installments with interest ranging from 3.60 to 4.20 percent. 97,928

\$300,000 Limited Tax General Obligation Bonds dated September 1 2005, due in annual installments with interest ranging from 4.00 to 4.25 percent. 155,000

\$1,280,000 2007 Limited Tax General Obligation Bonds dated March 1, 2008, due in annual installments with interest rate of 4.00 percent. 745,000

Special Assessment Bonds

\$315,000 2001 Special Assessment Bonds dated July 1, 2001, due in annual installments with interest ranging from 5.15 to 5.25 percent. 25,000

\$355,000 2002 Special Assessment Bonds dated June 1, 2002, due in annual installments with interest ranging from 4.60 to 4.80 percent. 50,000

\$375,000 2003 Special Assessment Bonds dated July 1, 2003, due in annual installments with interest ranging from 3.60 to 4.20 percent. 90,000

\$235,000 2005 Special Assessment Bonds dated September 1, 2005, due in annual installments with interest ranging from 4.00 to 4.25 percent. 130,000

\$1,270,000 2007 Special Assessment Bonds dated March 1, 2008, due in annual installments with interest rate of 4.00 percent. 640,000

\$750,000 2014 Special Assessment Bonds dated September 24, 2014, due in annual installments with interest ranging from 1.00 to 3.30 percent. 750,000

Installment Loan

\$145,000 Lighting Project Installment Loan dated September 1, 2014, due in semi-annual installments with an interest rate of 3.3 percent. 137,750

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

III. DETAILED NOTES ON ALL FUNDS – Continued

D. Long-Term Debt – Continued

***Business-type Activities:***

General Obligation Bonds

\$277,690 Limited Tax General Obligation Bonds dated July 1 2003, due in annual installments with interest ranging from 3.60 to 4.20 percent.	\$ 72,072
\$950,000 2005A Water Improvement Bonds dated May 1 2005, due in annual installments with interest ranging from 4.20 to 4.70 percent.	600,000
\$585,000 2005B Capital Improvement Bonds dated May 1 2005, due in annual installments with interest ranging from 4.125 to 4.50 percent.	375,000
\$1,702,904 2005 Sewage Disposal Refunding Bonds dated February 1 2005, due in annual installments with interest rate of 5.00 percent.	174,370
\$725,000 2007 Capital Improvement Bonds dated February 13, 2008, due in annual installments with interest ranging from 4.00 to 5.00 percent.	515,000
\$738,934 2007 Sewage Disposal Bonds dated November 16, 2007, due in annual installments with interest rate of 4.00 percent.	437,570

E. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on July 1 of the following year. These taxes are due on September 15 with the final collection date of February 28 before they are added to the county delinquent tax roll. City property tax revenues are recognized in the current year as revenue in accordance with guidelines of the State of Michigan.

The City is permitted by Charter to levy taxes up to \$13.50 per \$1,000 of equalized valuation for general governmental services. The following is a summary of the tax rates levied on the 2014 tax roll:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate</u>	<u>Per \$1,000 of State Equalized Value</u>		
			<u>Authorized Rate Post "Roll Back"</u>	<u>Rate Levied</u>	<u>Tax Margin</u>
Operating	Charter	13.5000	10.9914	10.9914	-
Mosquito	Voted	.4500	.4500	.3500	.1000

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

IV. OTHER INFORMATION

A. Defined Contribution Pension Plan

The City of Linden Group Pension Plan is a defined contribution pension plan established by the City Council and administered by ICMA, a third party, to provide benefits at retirement for eligible employees. Substantially all full time employees are eligible to participate in the plan. At June 30, 2015, there were 11 eligible employees. The City is required to contribute 7% of the employees' gross earnings. Employees are not required to contribute to the plan.

Contributions made by the City vest 20% per year through year five at which time the employee is fully vested. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Plan provisions and contribution requirements are established and may be amended by the City Council. The City's contribution for the current year was \$38,158.

B. Post Retirement Health Care Benefits

Plan Description – The City Council by resolution established the City of Linden Public Employee Health Care Fund, a single-employer defined benefit postemployment health care plan, under the authority of Public Act 149 of 1999. The plan includes all qualified City employees hired prior to January 1, 2011. Employees hired after that date will not receive other post-employment healthcare benefits. The plan is designed to accumulate resources to pay for 100% of the cost of health care premiums, including prescription benefits, for employees who have retired and is administered by the City. Substantially all of the City's employees may become eligible for those benefits when they reach age 60 with 20 years of service or age 55 with 25 years of service, if hired prior to January 1, 2011. Under this plan, the City pays 100% of the cost of health care premiums, including prescription benefits for eligible employees and their spouse at the time of retirement under age 65 and a health reimbursement account for the reimbursement of a portion of the co-pays and deductibles paid by the employee. The plan trust is included in the City's financial statements as a fiduciary fund. The plan does not issue separate stand-alone financial statements. Expenditures for post employment health care benefits are recognized as the insurance premiums become due. During the year, this amounted to \$52,706, net of participant contributions.

Funding Policy – 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 LINDEN  
Notes to Financial Statements  
June 30, 2015

IV. OTHER INFORMATION - Continued

B. Post Retirement Health Care Benefits - Continued

Funding Progress – For the year ended June 30, 2015, the City has estimated the cost of providing retiree healthcare benefits through an alternative measurement method of valuation study that complies with the requirements of GASB 45. The study computes an annual required contribution 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.

The computed contribution and actual funding are summarized as follows:

Annual Required Contribution (recommended)	\$ 117,989
Interest on the prior year's net OPEB obligation	32,126
Less adjustment to the annual required contribution	<u>(30,481)</u>
Annual OPEB Cost	119,634
Amounts Contributed:	
Payments of current premiums	(52,706)
Advance funding	<u>(40,000)</u>
Increase(Decrease) in net OPEB obligation	26,928
OPEB obligation - Beginning of Year	<u>401,577</u>
OPEB obligation - End of Year	<u><u>\$ 428,505</u></u>

<u>Fiscal Year</u> <u>Ended</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Annual</u> <u>OPEB Costs</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2013	2/29/2008	\$ 120,010	29.2%	\$ 329,636
6/30/2014	2/28/2012	\$ 120,067	40.1%	\$ 401,577
6/30/2015	2/28/2012	\$ 119,634	77.5%	\$ 428,505

Valuation as of:	<u>6/30/2003</u>	<u>2/29/2008</u>	<u>2/28/2012</u>
Actuarial Value of Assets	\$ 9,237	\$ 241,213	\$ 368,013
Actuarial Accrued Liability (AAL)	951,814	1,370,086	1,426,313
Unfunded AAL (UAAL)	(942,577)	(1,128,873)	(1,058,300)
Funded Ratio	1.0%	17.6%	25.8%
Covered Payroll	512,751	848,802	644,858
Ratio of UAAL to covered payroll	183.8%	133.0%	164.1%

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

IV. OTHER INFORMATION - Continued

B. Post Retirement Health Care 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 presents multiyear 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 February 28, 2012 calculation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0 percent investment rate of return, a base payroll growth rate of 2.0 percent, and an annual cost increase for benefits of 11.0 percent. The unfunded actuarial accrued liabilities were amortized as a level percent of active member payroll over a period of 28 years.

C. Risk Management

The City of Linden is a member of the Michigan Township Participating Plan for its general liability insurance coverage and a member of the Michigan Municipal Workers Compensation Fund for its workers compensation coverage. The City pays annual premiums to the pools. The pools are self-sustaining through member premiums, and each carries reinsurance through commercial companies for claims in excess of the pool loss reserve fund.

In the event that a single loss should exceed the amount of protection afforded by the pool loss reserve fund, reinsurance, or other insurance carried by the pools, or in the event that a series of losses should deplete or exhaust the loss reserve fund and reinsurance, the payment of valid losses shall be the obligation of the individual member or members of the respective pool against whom the claim was made. No such event has occurred with the City of Linden and the pools to which it belongs in any of the past three fiscal years.

CITY OF LINDEN  
Notes to Financial Statements  
June 30, 2015

IV. OTHER INFORMATION – Continued

D. Subsequent Event

Refunding Bonds

On September 3, 2015, the City issued \$1,755,000 of general obligation limited tax refunding bonds with an interest rate of .75-3.00% and annual maturities from May 2016 through May 2025. The net proceeds of \$1,755,000 were used to advance refund \$600,000 of 2005A Capital Improvement Bonds, \$375,000 of 2005B Capital Improvement Bonds, \$745,000 of 2007 General Obligation Bonds with interest rates ranging from 4.0-4.70% and maturing through 2025. The refunding bond proceeds were placed in an irrevocable trust for the purpose of generating resources to pay the future debt service payments of the bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the City's liabilities. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and new bonds) of \$160,444.

E. Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) issued two new pronouncements in June 2015, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will enhance the note disclosures and schedules of required supplementary information for Other Postemployment Benefit Plans (OPEB). GASB Statement No. 74 will provide information about measures of net OPEB liabilities and an analysis of why those liabilities change from year to year. GASB Statement No. 75 establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB plans. GASB Statement No. 74 will be effective for fiscal years beginning after June 15, 2016 and GASB Statement No. 75 will be effective for fiscal years beginning after June 15, 2017.



REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF LINDEN**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Property Taxes	\$ 1,009,600	\$ 1,009,600	\$ 1,004,243	\$ (5,357)
Licenses and Permits	13,300	13,300	20,788	7,488
Intergovernmental - Federal/CDBG	50,000	50,000	29,728	(20,272)
Intergovernmental - State	335,000	335,000	335,284	284
Charges for Services	412,000	412,000	457,516	45,516
Cemetery	44,500	44,500	44,824	324
Fines and Forfeitures	7,500	7,500	2,189	(5,311)
Interest Earnings	22,000	22,000	2,296	(19,704)
Special Assessments	1,343	1,343	-	(1,343)
Franchise Fees	79,000	79,000	114,910	35,910
Other Revenues	3,100	3,100	-	(3,100)
Total Revenues	<u>1,977,343</u>	<u>1,977,343</u>	<u>2,011,778</u>	<u>34,435</u>
<b><u>Expenditures:</u></b>				
General Government:				
Administration	788,150	788,150	704,447	83,703
Cemetery	64,250	72,250	70,365	1,885
Total General Government	<u>852,400</u>	<u>860,400</u>	<u>774,812</u>	<u>85,588</u>
Public Safety:				
Police	501,800	501,800	508,913	(7,113)
Fire	141,500	141,500	157,010	(15,510)
Total Public Safety	<u>643,300</u>	<u>643,300</u>	<u>665,923</u>	<u>(22,623)</u>
Public Works:				
Public Works	176,350	176,350	144,083	32,267
Solid Waste	158,000	158,000	165,037	(7,037)
Street Lighting	52,000	52,000	55,033	(3,033)
Total Public Works	<u>386,350</u>	<u>386,350</u>	<u>364,153</u>	<u>22,197</u>
Recreation and Cultural:				
Parks	13,300	13,300	12,728	572
Debt Service:				
Principal	-	-	7,250	(7,250)
Interest and Fees	-	-	2,406	(2,406)
Total Debt Service	<u>-</u>	<u>-</u>	<u>9,656</u>	<u>(9,656)</u>
Capital Outlay-Lighting Project	-	-	144,941	(144,941)
Total Expenditures	<u>1,895,350</u>	<u>1,903,350</u>	<u>1,972,213</u>	<u>(154,451)</u>
Excess of Revenues Over Expenditures	<u>81,993</u>	<u>73,993</u>	<u>39,565</u>	<u>(120,016)</u>
Other Financing Sources(Uses):				
Loan Proceeds	-	-	145,000	145,000
Operating Transfers Out	(210,000)	(210,000)	(188,512)	21,488
	<u>(210,000)</u>	<u>(210,000)</u>	<u>(43,512)</u>	<u>166,488</u>
Net Change in Fund Balance	(128,007)	(136,007)	(3,947)	46,472
Fund Balance - July 1	<u>942,186</u>	<u>942,186</u>	<u>942,186</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 814,179</u>	<u>\$ 806,179</u>	<u>\$ 938,239</u>	<u>\$ 46,472</u>



**CITY OF LINDEN**  
**Local Street Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Intergovernmental-State Interest	\$ 66,000	\$ 66,000	\$ 96,202	\$ 30,202
Interest	-	-	188	188
Total Revenues	<u>66,000</u>	<u>66,000</u>	<u>96,390</u>	<u>30,390</u>
<b><u>Expenditures:</u></b>				
Public Works:				
Highways and Streets	66,250	66,250	63,986	2,264
Debt Service:				
Principal	173,518	173,518	173,518	-
Interest and Fees	45,066	45,066	44,980	86
Total Expenditures	<u>284,834</u>	<u>284,834</u>	<u>282,484</u>	<u>2,350</u>
Excess (Deficiency) of Revenues Over Expenditures	(218,834)	(218,834)	(186,094)	32,740
<b><u>Other Financing Sources:</u></b>				
Transfers In	<u>215,000</u>	<u>215,000</u>	<u>215,000</u>	<u>-</u>
Net Change in Fund Balance	(3,834)	(3,834)	28,906	32,740
Fund Balance, July 1	<u>112,332</u>	<u>112,332</u>	<u>112,332</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 108,498</u>	<u>\$ 108,498</u>	<u>\$ 141,238</u>	<u>\$ 32,740</u>



OTHER SUPPLEMENTARY INFORMATION

**CITY OF LINDEN**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<u>Special Revenue Major Street</u>	<u>Debt Service</u>	<u>Capital Project Saddlebrook Farms</u>	<u>Permanent Fund Cemetery</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash	\$ 171,613	\$ 210,787	\$ 228,475	\$ 50,366	\$ 661,241
Special Assessments Receivable	-	830,506	-	-	830,506
Due from State	28,347	-	-	-	28,347
Due from Other Funds	-	54,658	-	-	54,658
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>199,960</u>	\$ <u>1,095,951</u>	\$ <u>228,475</u>	\$ <u>50,366</u>	\$ <u>1,574,752</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities:					
Accounts Payable	\$ 530	\$ -	\$ -	\$ -	\$ 530
Due to Other Funds	57,613	144,068	-	-	201,681
Total Liabilities	<hr/> 58,143	<hr/> 144,068	<hr/> -	<hr/> -	<hr/> 202,211
Deferred Inflows of Resources:					
Unavailable Revenue-Special Assessments	-	770,377	-	-	770,377
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance:					
Nonspendable-Permanent Corpus	-	-	-	50,000	50,000
Restricted for Streets	141,817	-	-	-	141,817
Restricted for Debt Service	-	181,506	-	-	181,506
Restricted for Capital Projects	-	-	228,475	-	228,475
Restricted for Perpetual Care	-	-	-	366	366
Total Fund Balance	<hr/> 141,817	<hr/> 181,506	<hr/> 228,475	<hr/> 50,366	<hr/> 602,164
Total Liabilities and Fund Balance	\$ <u>199,960</u>	\$ <u>1,095,951</u>	\$ <u>228,475</u>	\$ <u>50,366</u>	\$ <u>1,574,752</u>

**CITY OF LINDEN**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>Special Revenue Major Street</u>	<u>Debt Service</u>	<u>Capital Project Saddlebrook Farms</u>	<u>Permanent Fund Cemetery</u>	<u>Total</u>
<b>Revenues:</b>					
State-Shared Revenue	\$ 205,362	\$ -	\$ -	\$ -	\$ 205,362
Special Assessments	-	114,372	-	-	114,372
Interest Earned	-	53	-	15	68
Total Revenues	<u>205,362</u>	<u>114,425</u>	<u>-</u>	<u>15</u>	<u>319,802</u>
<b>Expenditures:</b>					
Highways, Streets, Sidewalks and Other Maintenance	66,868	-	-	-	66,868
Debt Service:					
Principal	50,284	115,000	-	-	165,284
Interest and Other Charges	6,537	27,227	-	-	33,764
Capital Outlay	-	-	521,525	-	521,525
Total Expenditures	<u>123,689</u>	<u>142,227</u>	<u>521,525</u>	<u>-</u>	<u>787,441</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>81,673</u>	<u>(27,802)</u>	<u>(521,525)</u>	<u>15</u>	<u>(467,639)</u>
Other Financing Sources (Uses):					
Bond Proceeds	-	-	750,000	-	750,000
Operating Transfers In	-	18,512	-	-	18,512
Operating Transfers Out	(45,000)	-	-	-	(45,000)
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>18,512</u>	<u>750,000</u>	<u>-</u>	<u>723,512</u>
Change in Fund Balance	36,673	(9,290)	228,475	15	255,873
Fund Balance - July 1	<u>105,144</u>	<u>190,796</u>	<u>-</u>	<u>50,351</u>	<u>346,291</u>
Fund Balance - June 30	<u>\$ 141,817</u>	<u>\$ 181,506</u>	<u>\$ 228,475</u>	<u>\$ 50,366</u>	<u>\$ 602,164</u>

**CITY OF LINDEN**  
**Nonmajor Debt Service Funds**  
**Combining Balance Sheet**  
**June 30, 2015**

	<u>East Broad</u> <u>S/A Debt</u>	<u>West Broad</u> <u>S/A Debt</u>	<u>Tickner</u> <u>S/A Debt</u>	<u>North Bridge</u> <u>S/A Debt</u>
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 1,376	\$ 21,919	\$ 34,049	\$ 75,323
Special Assessments Receivable	-	9,268	25,362	36,014
Due from Other Funds	19,224	-	-	-
	<u>\$ 20,600</u>	<u>\$ 31,187</u>	<u>\$ 59,411</u>	<u>\$ 111,337</u>
 <b><u>LIABILITIES AND FUND BALANCE</u></b>				
Liabilities:				
Due to Other Funds	\$ 20,600	\$ 26,956	\$ 27,950	\$ 34,140
 <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable Revenue-Special Assessments	-	-	11,950	16,624
 Fund Balance:				
Restricted for Debt Service	<u>-</u>	<u>4,231</u>	<u>19,511</u>	<u>60,573</u>
Total Liabilities and Fund Balance	<u>\$ 20,600</u>	<u>\$ 31,187</u>	<u>\$ 59,411</u>	<u>\$ 111,337</u>

<u>Ripley Road S/A Debt</u>	<u>Saddlebrook Farms S/A Debt</u>	<u>Total</u>
58,008	\$ 20,112	\$ 210,787
73,074	686,788	830,506
-	35,434	54,658
<u>131,082</u>	<u>\$ 742,334</u>	<u>\$ 1,095,951</u>

20,662    \$            13,760    \$            144,068

55,015            686,788            770,377

55,405            41,786            181,506

131,082    \$            742,334    \$            1,095,951

**CITY OF LINDEN**  
**Nonmajor Debt Service Funds**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balance**  
**For the Year Ended June 30, 2015**

	<u>East Broad</u> <u>S/A Debt</u>	<u>West Broad</u> <u>S/A Debt</u>	<u>Tickner</u> <u>S/A Debt</u>	<u>North Bridge</u> <u>S/A Debt</u>
<b><u>Revenues:</u></b>				
Special Assessments	\$ -	\$ 8,230	\$ 12,510	\$ 22,368
Interest Income	-	4	12	16
Total Revenues	<u>-</u>	<u>8,234</u>	<u>12,522</u>	<u>22,384</u>
<b><u>Expenditures:</u></b>				
Principal	20,000	25,000	25,000	30,000
Interest and Other Charges	600	2,107	3,100	4,290
Total Expenditures	<u>20,600</u>	<u>27,107</u>	<u>28,100</u>	<u>34,290</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,600)</u>	<u>(18,873)</u>	<u>(15,578)</u>	<u>(11,906)</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfer In	18,512	-	-	-
Operating Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>18,512</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	(2,088)	(18,873)	(15,578)	(11,906)
Fund Balance - July 1	<u>2,088</u>	<u>23,104</u>	<u>35,089</u>	<u>72,479</u>
Fund Balance - June 30	\$ <u><u>-</u></u>	\$ <u><u>4,231</u></u>	\$ <u><u>19,511</u></u>	\$ <u><u>60,573</u></u>

Ripley Road S/A Debt	Saddlebrook Farms S/A Debt	Total
7,039	\$ 64,225	\$ 114,372
20	1	53
<u>7,059</u>	<u>64,226</u>	<u>114,425</u>
15,000	-	115,000
5,812	11,318	27,227
<u>20,812</u>	<u>11,318</u>	<u>142,227</u>
<u>(13,753)</u>	<u>52,908</u>	<u>(27,802)</u>
-	-	18,512
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>18,512</u>
(13,753)	52,908	(9,290)
<u>69,158</u>	<u>(11,122)</u>	<u>190,796</u>
<u>55,405</u> \$	<u>41,786</u> \$	<u>181,506</u>

CITY OF LINDEN  
Component Unit - Downtown Development Authority  
Balance Sheet  
June 30, 2015

**ASSETS**

Cash	\$ <u>64,924</u>
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**LIABILITIES AND FUND BALANCE**

Liabilities:

Accounts Payable	\$ 12,108
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Fund Balance	<u>52,816</u>
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Total Liabilities and Fund Balance	\$ <u>64,924</u>
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CITY OF LINDEN  
Component Unit - Downtown Development Authority  
Statement of Revenues, Expenditures and Changes in Fund Balance  
June 30, 2015

**Revenues**

Property Taxes	\$	61,461
Interest		1
Other		680
Total Revenues		62,142

**Expenditures**

Community Development		30,830
Net Change in Fund Balance		31,312
Fund Balance - Beginning		21,504
Fund Balance - Ending	\$	52,816

**CITY OF LINDEN**  
**Schedule of Indebtedness**  
**Governmental Funds**  
**June 30, 2015**

**2002 General Obligation Bonds**  
**Tickner St City Share**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.75%	5/01/16	\$ 50,000	\$ 5,042	\$ 55,042
4.85%	5/01/17	55,000	2,668	57,668
		<u>\$ 105,000</u>	<u>\$ 7,710</u>	<u>\$ 112,710</u>

**2003 General Obligation Bonds (governmental)**  
**North Bridge City Share**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
3.80%	11/1/2015	\$ 31,682	\$ 3,321	\$ 35,003
4.00%	11/1/2016	31,682	2,085	33,767
4.20%	11/1/2017	34,564	726	35,290
		<u>\$ 97,928</u>	<u>\$ 6,132</u>	<u>\$ 104,060</u>

**2005 General Obligation Bonds**  
**Ripley Road City Share**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.00%	11/1/2015	\$ 25,000	\$ 5,888	\$ 30,888
4.00%	11/1/2016	25,000	4,888	29,888
4.10%	11/1/2017	25,000	3,875	28,875
4.15%	11/1/2018	25,000	2,843	27,843
4.20%	11/1/2019	25,000	1,799	26,799
4.25%	11/1/2020	30,000	637	30,637
		<u>\$ 155,000</u>	<u>\$ 19,930</u>	<u>\$ 174,930</u>

**2007 General Obligation Bonds**  
**Tenth Street City Share**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.00%	5/01/2016	\$ 95,000	\$ 29,800	\$ 124,800
4.00%	5/01/2017	95,000	26,000	121,000
4.00%	5/01/2018	100,000	22,200	122,200
4.00%	5/01/2019	105,000	18,200	123,200
4.00%	5/01/2020	110,000	14,000	124,000
4.00%	5/01/2021	115,000	9,600	124,600
4.00%	5/01/2022	125,000	5,000	130,000
		<u>\$ 745,000</u>	<u>\$ 124,800</u>	<u>\$ 869,800</u>

**2001 Special Assessment Bonds**  
**West Broad**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
5.25%	11/1/2015	\$ 25,000	\$ 656	\$ 25,656

**2002 Special Assessment Bonds**  
**Tickner Street**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.70%	11/1/2015	\$ 25,000	\$ 1,787	\$ 26,787
4.80%	11/1/2016	25,000	600	25,600
		<u>\$ 50,000</u>	<u>\$ 2,387</u>	<u>\$ 52,387</u>

**CITY OF LINDEN**  
**Schedule of Indebtedness**  
**Governmental Funds**  
**June 30, 2015**

**2003 Special Assessment Bonds**  
**North Bridge**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
3.80%	11/1/2015	\$ 30,000	\$ 3,030	\$ 33,030
4.00%	11/1/2016	30,000	1,860	31,860
4.20%	11/1/2017	30,000	630	30,630
		\$ <u>90,000</u>	\$ <u>5,520</u>	\$ <u>95,520</u>

**2005 Special Assessment Bonds**  
**Ripley Road**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.00%	11/1/2015	\$ 20,000	\$ 4,962	\$ 24,962
4.00%	11/1/2016	20,000	4,162	24,162
4.10%	11/1/2017	20,000	3,352	23,352
4.15%	11/1/2018	20,000	2,527	22,527
4.20%	11/1/2019	25,000	1,587	26,587
4.25%	11/1/2020	25,000	531	25,531
		\$ <u>130,000</u>	\$ <u>17,121</u>	\$ <u>147,121</u>

**2007 Special Assessment Bonds**  
**Tenth Street**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.00%	5/01/2016	\$ 90,000	\$ 25,600	\$ 115,600
4.00%	5/01/2017	90,000	22,000	112,000
4.00%	5/01/2018	90,000	18,400	108,400
4.00%	5/01/2019	90,000	14,800	104,800
4.00%	5/01/2020	90,000	11,200	101,200
4.00%	5/01/2021	95,000	7,600	102,600
4.00%	5/01/2022	95,000	3,800	98,800
		\$ <u>640,000</u>	\$ <u>103,400</u>	\$ <u>743,400</u>

**2014 Special Assessment Bonds**  
**Saddlebrook Farms**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
1.00%	11/1/2015	\$ 25,000	\$ 17,823	\$ 42,823
1.25%	11/1/2016	50,000	17,385	67,385
1.50%	11/1/2017	50,000	16,697	66,697
1.75%	11/1/2018	50,000	15,885	65,885
2.00%	11/1/2019	50,000	14,948	64,948
2.15%	11/1/2020	50,000	13,910	63,910
2.25%	11/1/2021	50,000	12,810	62,810
2.35%	11/1/2022	50,000	11,660	61,660
2.50%	11/1/2023	50,000	10,447	60,447
2.65%	11/1/2024	50,000	9,160	59,160
2.80%	11/1/2025	55,000	7,728	62,728
3.00%	11/1/2026	55,000	6,133	61,133
3.10%	11/1/2027	55,000	4,455	59,455
3.25%	11/1/2028	55,000	2,708	57,708
3.30%	11/1/2029	55,000	907	55,907
		\$ <u>750,000</u>	\$ <u>162,656</u>	\$ <u>912,656</u>

**2014 Street Lighting Loan**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
3.30%	11/1/2015	\$ 14,500	\$ 4,426	\$ 18,926
3.30%	11/1/2016	14,500	3,948	18,448
3.30%	11/1/2017	14,500	3,469	17,969
3.30%	11/1/2018	14,500	2,990	17,490
3.30%	11/1/2019	14,500	2,512	17,012
3.30%	11/1/2020	14,500	2,034	16,534
3.30%	11/1/2022	14,500	1,555	16,055
3.30%	11/1/2023	14,500	1,076	15,576
3.30%	11/1/2024	14,500	598	15,098
3.30%	11/1/2025	7,250	120	7,370
		\$ <u>137,750</u>	\$ <u>22,728</u>	\$ <u>160,478</u>

**CITY OF LINDEN**  
**Schedule of Indebtedness**  
**Proprietary Funds**  
**June 30, 2015**

**2003 General Obligation Bonds (business type)**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
3.80%	11/1/2015	\$ 23,317	\$ 2,444	\$ 25,761
4.00%	11/1/2016	23,318	1,534	24,852
4.20%	11/1/2017	25,437	534	25,971
		<u>\$ 72,072</u>	<u>\$ 4,512</u>	<u>\$ 76,584</u>

**2005B Capital Improvement Bonds**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.125%	5/01/2016	\$ 30,000	\$ 16,132	\$ 46,132
4.125%	5/01/2017	30,000	14,895	44,895
4.15%	5/01/2018	35,000	13,657	48,657
4.20%	5/01/2019	35,000	12,205	47,205
4.25%	5/01/2020	35,000	10,735	45,735
4.30%	5/01/2021	40,000	9,248	49,248
4.35%	5/01/2022	40,000	7,528	47,528
4.40%	5/01/2023	40,000	5,788	45,788
4.45%	5/01/2024	45,000	4,028	49,028
4.50%	5/01/2025	45,000	2,025	47,025
		<u>\$ 375,000</u>	<u>\$ 96,241</u>	<u>\$ 471,241</u>

**2007 Capital Improvement Bonds**  
**Tenth Street Water City Share**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.00%	5/01/2016	\$ 35,000	\$ 23,568	\$ 58,568
4.10%	5/01/2017	35,000	22,168	57,168
4.20%	5/01/2018	35,000	20,732	55,732
4.25%	5/01/2019	40,000	19,262	59,262
4.25%	5/01/2020	40,000	17,562	57,562
4.25%	5/01/2021	40,000	15,862	55,862
4.25%	5/01/2022	45,000	14,162	59,162
5.00%	5/01/2023	45,000	12,250	57,250
5.00%	5/01/2024	45,000	10,000	55,000
5.00%	5/01/2025	50,000	7,750	57,750
5.00%	5/01/2026	50,000	5,250	55,250
5.00%	5/01/2027	55,000	2,750	57,750
		<u>\$ 515,000</u>	<u>\$ 171,316</u>	<u>\$ 686,316</u>

**2005A Water Improvement Bonds**

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.20%	5/01/2016	\$ 50,000	\$ 27,172	\$ 77,172
4.30%	5/01/2017	50,000	25,072	75,072
4.40%	5/01/2018	55,000	22,922	77,922
4.45%	5/01/2019	55,000	20,502	75,502
4.50%	5/01/2020	60,000	18,056	78,056
4.55%	5/01/2021	60,000	15,356	75,356
4.60%	5/01/2022	65,000	12,626	77,626
4.70%	5/01/2023	65,000	9,636	74,636
4.70%	5/01/2024	70,000	6,580	76,580
4.70%	5/01/2025	70,000	3,290	73,290
		<u>\$ 600,000</u>	<u>\$ 161,212</u>	<u>\$ 761,212</u>

CITY OF LINDEN  
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2005 Sewage Disposal Refunding Bonds

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
5.00%	4/1/2016	\$ 174,370	\$ 8,718	\$ 183,088

2007 Sewage Disposal Refunding Bonds

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
4.00%	4/01/16	\$ 78,302	\$ 17,502	\$ 95,804
4.00%	4/01/17	119,756	14,370	134,126
4.00%	4/01/18	120,414	9,580	129,994
4.00%	4/01/19	119,098	4,764	123,862
		\$ 437,570	\$ 46,216	\$ 483,786

