

**CITY OF LINDEN
Genesee County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2016**

CITY OF LINDEN
For the Year Ended June 30, 2016

Table of Contents

INTRODUCTORY SECTION

Table of Contents

FINANCIAL SECTION

	<u>Page</u>
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis	3-10
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12-13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position – Proprietary Fund	17
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Fund	18
Statement of Cash Flows – Proprietary Fund.....	19
Fiduciary Fund – Statement of Fiduciary Net Position	20
Fiduciary Fund – Statement of Changes in Fiduciary Net Position.....	20
Notes to Financial Statements	21-39

CITY OF LINDEN
For the Year Ended June 30, 2016

Table of Contents

<u>FINANCIAL SECTION</u> – Continued	<u>Page</u>
Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	40
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Local Street Fund.....	41
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	42
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.....	43
Combining Balance Sheet – Nonmajor Debt Service Funds.....	44-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Debt Service Funds	46-47
Balance Sheet - Component Unit - DDA	48
Statement of Revenues, Expenditures and Changes in Fund Balance – Component Unit - DDA.....	48
Schedule of Indebtedness – Governmental Funds	49-50
Schedule of Indebtedness – Proprietary Funds.....	51

FINANCIAL SECTION

PSLZ LLP

Certified Public Accountants

PLYMOUTH

1034 WEST ANN ARBOR TRAIL
P.O. BOX 5520
PLYMOUTH, MI 48170-1502
Telephone (734) 453-8770

Dennis M. Siegner, C.P.A., C.V.A.
David R. Williamson, C.P.A.
Jane F. Wang, C.P.A.
Rana M. Emmons, C.P.A.
Jennifer A. Galofaro, C.P.A., C.V.A.
Susan H. Bertram, C.P.A.

BLOOMFIELD HILLS

3707 WEST MAPLE ROAD
SUITE 101
BLOOMFIELD HILLS, MI 48301-3212
Telephone (248) 644-9125

Deborah M. Cox, C.P.A.

Independent Auditor's Report

September 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, 2016, 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, 2016, 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.

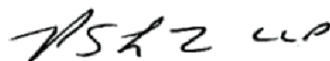
Other Information

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, 2016. 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 \$7,008,306 (*net position*). Of this amount, \$2,248,271 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$179,218.
- At the close of the most recent fiscal year, the City of Linden's governmental funds reported combined ending fund balances of \$1,836,153. Of this amount, \$750,928 (41%) 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 \$750,928, or 38 percent of total general fund expenditures.
- The City of Linden's total bonded and contract debt decreased by \$787,171 during the current fiscal year as a result the issuance of \$1,755,000 of general obligation refunding bonds 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 \$7,008,306 at the close of the most recent fiscal year. Of the City of Linden's net position, 53 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 3,074,613	\$ 3,296,944	\$ 934,137	\$ 1,049,750	\$ 4,008,750	\$ 4,346,694
Capital Assets	4,613,675	5,001,849	3,404,880	3,738,330	8,018,555	8,740,179
Total Assets	<u>7,688,288</u>	<u>8,298,793</u>	<u>4,339,017</u>	<u>4,788,080</u>	<u>12,027,305</u>	<u>13,086,873</u>
Current liabilities	57,221	70,079	115,162	249,869	172,383	319,948
Noncurrent liabilities	3,058,993	3,405,389	1,787,623	2,174,012	4,846,616	5,579,401
Total Liabilities	<u>3,116,214</u>	<u>3,475,468</u>	<u>1,902,785</u>	<u>2,423,881</u>	<u>5,018,999</u>	<u>5,899,349</u>
Net Position:						
Net Investment in capital assets	2,088,779	2,304,646	1,617,257	1,564,318	3,706,036	3,868,964
Restricted	1,053,999	1,257,156	-	-	1,053,999	1,257,156
Unrestricted	1,429,296	1,261,523	818,975	799,881	2,248,271	2,061,404
Total Net Position	<u>\$ 4,572,074</u>	<u>\$ 4,823,325</u>	<u>\$ 2,436,232</u>	<u>\$ 2,364,199</u>	<u>\$ 7,008,306</u>	<u>\$ 7,187,524</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 decreased by \$179,218 during the current fiscal year.

Governmental activities.

Governmental activities decreased net position by \$251,251.

City of Linden - Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for Services	\$ 638,153	\$ 1,231,883	\$ 1,228,478	\$ 1,269,213	\$ 1,866,631	\$ 2,501,096
Operating Grants & Contributions	334,512	318,169	-	-	334,512	318,169
Capital Grants & Contributions	29,492	29,728	308,062	293,908	337,554	323,636
General Revenues:						
Property Taxes	1,030,855	1,035,380	-	-	1,030,855	1,035,380
State Revenue Sharing	321,995	318,679	-	-	321,995	318,679
Investment Earnings	6,429	2,667	7,533	9,216	13,962	11,883
Miscellaneous	94,561	114,910	-	-	94,561	114,910
Total Revenues	<u>2,455,997</u>	<u>3,051,416</u>	<u>1,544,073</u>	<u>1,572,337</u>	<u>4,000,070</u>	<u>4,623,753</u>
Expenses:						
General Government	917,263	811,653	-	-	917,263	811,653
Public Safety	699,549	711,468	-	-	699,549	711,468
Public Works	938,865	823,369	-	-	938,865	823,369
Recreation and Cultural	21,485	12,728	-	-	21,485	12,728
Interest on Long-Term Debt	130,086	93,295	-	-	130,086	93,295
Sewer	-	-	935,976	878,116	935,976	878,116
Water	-	-	536,064	570,222	536,064	570,222
Total Expenses	<u>2,707,248</u>	<u>2,452,513</u>	<u>1,472,040</u>	<u>1,448,338</u>	<u>4,179,288</u>	<u>3,900,851</u>
Change in Net Position	<u>\$ (251,251)</u>	<u>\$ 598,903</u>	<u>\$ 72,033</u>	<u>\$ 123,999</u>	<u>\$ (179,218)</u>	<u>\$ 722,902</u>

Business-type activities.

Business-type activities increased net position by \$72,033. The increase reflects approximately \$57,000 in water and sewer tap fees from current 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 \$1,836,153, of which \$750,928 (41%) constitutes *unrestricted fund balance*, which is available for spending at the government's discretion. Total governmental fund balances decreased \$197,660.

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 \$870,650, of which \$31,226 represents prepaid expenditures at year end, \$39,495 represents donor restricted contributions for improvements to the Mill Building, \$49,001 is restricted public education grant funds, and \$140,962 has been assigned by City Council for use in the fiscal year 2017 budget.

The fund balance of the City's General Fund decreased by \$67,589 during the fiscal year, as compared to a decrease of \$3,947 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 \$391,473 as compared with \$442,929 in the prior year. The Water Fund unrestricted net position was \$427,502 as compared to \$356,952 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. The more significant budget amendments included an increase in the cemetery expenditures of \$12,000 for repairs and maintenance and \$40,000 in the department of public works for a possible purchase of property.

Capital Asset and Debt Administration

Capital assets.

The City of Linden's investment in capital assets for its governmental and business type activities is \$8,018,555 (net of accumulated depreciation). This investment in capital assets includes land and improvements, buildings, machinery and equipment, vehicles, roads, and bridges. The decrease in the City of Linden's investment in capital assets for the current fiscal year was an 8 percent decrease for governmental activities, and a 9 percent decrease in business-type activities.

Major capital asset events during the current fiscal year included the completion of the Saddlebrook Farms Street Improvements (\$54,317).

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 \$4,189,269, including both governmental and business-type activities, and \$123,250 of installment loans payable. The City of Linden's total bond debt decreased by \$772,671 during the current fiscal year as a result the issuance of \$1,755,000 of general obligation refunding bonds less annual principal payments of \$2,527,671 made during the year. During fiscal year 2016, the City paid off the Special Assessment Bonds Series 2001, and the 2005 Sewage Disposal Refunding Bonds.

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 2016-2017 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, 2016

	Primary Government			Component Unit - DDA
	Governmental Activities	Business-type Activities	Total	
<u>ASSETS</u>				
Current Assets:				
Cash and Cash Equivalents	\$ 1,713,705	\$ 563,750	\$ 2,277,455	\$ 68,434
Receivables (net of allowance for uncollectibles)	1,156,471	337,446	1,493,917	-
Due from Other Governmental Units	173,211	22,121	195,332	-
Inventory	-	10,820	10,820	-
Prepaid Expenditures	31,226	-	31,226	-
Total Current Assets	<u>3,074,613</u>	<u>934,137</u>	<u>4,008,750</u>	<u>68,434</u>
Noncurrent Assets:				
Capital Assets , not being depreciated	84,069	7,027	91,096	-
Capital Assets, net of accumulated depreciation	4,529,606	3,397,853	7,927,459	-
Net Capital Assets	<u>4,613,675</u>	<u>3,404,880</u>	<u>8,018,555</u>	<u>-</u>
Total Assets	<u>7,688,288</u>	<u>4,339,017</u>	<u>12,027,305</u>	<u>68,434</u>
<u>LIABILITIES</u>				
Accounts Payable	16,086	115,162	131,248	1,000
Accrued Liabilities	19,813	-	19,813	-
Unearned Revenue	21,322	-	21,322	-
Noncurrent Liabilities:				
Other Post Employment Benefit Liability	480,070	-	480,070	-
Compensated Absences	54,027	-	54,027	-
Due within one year	443,782	265,474	709,256	-
Due in more than one year	2,081,114	1,522,149	3,603,263	-
Total Liabilities	<u>3,116,214</u>	<u>1,902,785</u>	<u>5,018,999</u>	<u>1,000</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	2,088,779	1,617,257	3,706,036	-
Restricted for:				
Mill Building	39,495	-	39,495	-
Public Education Grant	49,001	-	49,001	-
Streets	366,997	-	366,997	-
Debt Service	548,110	-	548,110	-
Perpetual Care:				
Nonexpendable	50,000	-	50,000	-
Expendable	396	-	396	-
Unrestricted	1,429,296	818,975	2,248,271	67,434
Total Net Position	<u>\$ 4,572,074</u>	<u>\$ 2,436,232</u>	<u>\$ 7,008,306</u>	<u>\$ 67,434</u>

CITY OF LINDEN
Statement of Activities
For the Year Ended June 30, 2016

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 917,263	\$ 374,754	\$ 20,566	\$ 525
Public Safety	699,549	35,718	1,018	-
Public Works	938,865	227,681	312,928	-
Recreation and Cultural	21,485	-	-	28,967
Interest on Long-Term Debt	130,086	-	-	-
Total Governmental Activities	<u>2,707,248</u>	<u>638,153</u>	<u>334,512</u>	<u>29,492</u>
Business-type Activities:				
Sewer	935,976	733,013	-	282,130
Water	536,064	495,465	-	25,932
Total Business-type Activities	<u>536,064</u>	<u>1,228,478</u>	<u>-</u>	<u>308,062</u>
Total Primary Government	<u>\$ 3,243,312</u>	<u>\$ 1,866,631</u>	<u>\$ 334,512</u>	<u>\$ 337,554</u>
Component Unit-DDA	<u>\$ 49,425</u>	<u>\$ -</u>	<u>\$ 9,395</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
\$ (521,418)	\$ -	\$ (521,418)	\$ -
(662,813)	-	(662,813)	-
(398,256)	-	(398,256)	-
7,482	-	7,482	-
(130,086)	-	(130,086)	-
(1,705,091)	-	(1,705,091)	-
-	79,167	79,167	-
-	(14,667)	(14,667)	-
-	64,500	64,500	-
(1,705,091)	64,500	(1,640,591)	-
-	-	-	(40,030)
1,030,855	-	1,030,855	54,648
321,995	-	321,995	-
94,561	-	94,561	-
6,429	7,533	13,962	-
1,453,840	7,533	1,461,373	54,648
(251,251)	72,033	(179,218)	14,618
4,823,325	2,364,199	7,187,524	52,816
\$ 4,572,074	\$ 2,436,232	\$ 7,008,306	\$ 67,434

CITY OF LINDEN
Balance Sheet
Governmental Funds
June 30, 2016

	General	Local Street	Ten Streets Debt	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 682,893	\$ 159,815	\$ 241,355	\$ 517,126	\$ 1,601,189
Receivables:					
Accounts	76,561	6,031	-	-	82,592
Special Assessments	5,697	-	328,468	739,714	1,073,879
Due from State	126,238	16,331	-	30,642	173,211
Prepaid Expenditures	31,226	-	-	-	31,226
Total Assets	\$ 922,615	\$ 182,177	\$ 569,823	\$ 1,287,482	\$ 2,962,097

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCES:**

Liabilities:					
Accounts Payable	\$ 10,830	\$ -	\$ -	\$ 5,256	\$ 16,086
Accrued and Other Liabilities	19,813	-	-	-	19,813
Unavailable Revenue	21,322	-	-	-	21,322
Total Liabilities	51,965	-	-	5,256	57,221
Deferred Inflows of Resources:					
Unavailable Special Assessments	-	-	328,468	740,255	1,068,723
Fund Balances:					
Nonspendable-Permanent Corpus	-	-	-	50,000	50,000
Nonspendable-Prepays	31,226	-	-	-	31,226
Restricted for:					
Mill Building Improvements	39,495	-	-	-	39,495
Public Education Grant	49,001	-	-	-	49,001
Streets	-	182,177	-	184,820	366,997
Debt Service	-	-	241,355	306,755	548,110
Perpetual Care	-	-	-	396	396
Assigned for Subsequent Year	140,962	-	-	-	140,962
Unassigned	609,966	-	-	-	609,966
Total Fund Balance	870,650	182,177	241,355	541,971	1,836,153
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 922,615	\$ 182,177	\$ 569,823	\$ 1,287,482	

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.	4,545,995
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.	180,196
Special Assessment Receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,068,723
Other Post Employment Benefit Liability	(480,070)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(2,578,923)
Net Position of Governmental Activities	\$ 4,572,074

CITY OF LINDEN
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Local Street</u>	<u>Ten Streets Debt</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 1,030,855	\$ -	\$ -	\$ -	\$ 1,030,855
Licenses and Permits	29,239	-	-	-	29,239
Intergovernmental:					
Federal, State and Local	383,642	115,504	-	186,327	685,473
Charges for Services	550,903	-	-	500	551,403
Fines and Forfeitures	9,127	-	-	-	9,127
Special Assessments	1,270	-	4,595	83,520	89,385
Franchise Fees	94,561	-	-	-	94,561
Other Revenue	525	-	-	-	525
Interest	5,724	192	188	325	6,429
Total Revenues	<u>2,105,846</u>	<u>115,696</u>	<u>4,783</u>	<u>270,672</u>	<u>2,496,997</u>
Expenditures					
Current:					
General Government	850,283	-	-	-	850,283
Public Safety	673,176	-	-	-	673,176
Public Works	417,998	66,086	-	80,444	564,528
Recreation and Cultural	21,485	-	-	-	21,485
Debt Service:					
Principal	14,500	184,391	90,000	141,791	430,682
Interest and Other Charges	4,419	39,280	25,600	30,887	100,186
Capital Outlay	-	-	-	54,317	54,317
Total Expenditures	<u>1,981,861</u>	<u>289,757</u>	<u>115,600</u>	<u>307,439</u>	<u>2,694,657</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>123,985</u>	<u>(174,061)</u>	<u>(110,817)</u>	<u>(36,767)</u>	<u>(197,660)</u>
Other Financing Sources (Uses)					
Refunding Bond Proceeds	-	774,900	-	-	774,900
Payment to Refunded Bond Escrow Agent	-	(774,900)	-	-	(774,900)
Transfers In	-	215,000	-	195,732	410,732
Transfers Out	(191,574)	-	-	(219,158)	(410,732)
Total Other Financing Sources (Uses)	<u>(191,574)</u>	<u>215,000</u>	<u>-</u>	<u>(23,426)</u>	<u>-</u>
Net Change in Fund Balance	(67,589)	40,939	(110,817)	(60,193)	(197,660)
Fund Balance - Beginning	<u>938,239</u>	<u>141,238</u>	<u>352,172</u>	<u>602,164</u>	<u>2,033,813</u>
Fund Balance - Ending	<u>\$ 870,650</u>	<u>\$ 182,177</u>	<u>\$ 241,355</u>	<u>\$ 541,971</u>	<u>\$ 1,836,153</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, 2016

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

Net change in fund balance - total governmental funds	\$	(197,660)
<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		54,317
Depreciation Expense		(416,984)
<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>		
		3,680
<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>		
		(41,000)
<p>Change in Other Post Employment Benefits</p>		
		(51,565)
<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		(774,900)
Principal Repayments		1,175,682
Increase in Compensated Absences		(2,821)
		(251,251)
Change in net position in governmental activities	\$	(251,251)

CITY OF LINDEN
Statement of Net Position
Proprietary Funds
June 30, 2016

<u>ASSETS</u>	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer Water Total			Internal Service Fund
	Sewer	Water	Total	Internal Service Fund
Current Assets:				
Cash and Cash Equivalents	\$ 138,944	\$ 424,806	\$ 563,750	\$ 112,516
Accounts Receivable	200,441	137,005	337,446	-
Due from State	22,121	-	22,121	-
Inventory	-	10,820	10,820	-
Total Current Assets	361,506	572,631	934,137	112,516
Noncurrent Assets:				
Advance to Other Funds	139,000	-	139,000	-
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	(2,846,766)	(3,662,611)	(6,509,377)	(1,219,546)
Net Property, Plant and Equipment	1,636,586	1,768,294	3,404,880	67,680
Total Assets	\$ 2,137,092	\$ 2,340,925	\$ 4,478,017	\$ 180,196
 <u>LIABILITIES AND NET POSITION</u>				
Current Liabilities:				
Accounts Payable	\$ 109,033	\$ 6,129	\$ 115,162	\$ -
Current Portion of Bonds Payable	119,756	145,718	265,474	-
Total Current Liabilities	228,789	151,847	380,636	-
Long-Term Liabilities:				
Advance from Other Funds	-	139,000	139,000	-
Bonds Payable, net of current portion	239,512	1,282,637	1,522,149	-
Total Long-Term Liabilities	239,512	1,421,637	1,661,149	-
Total Liabilities	468,301	1,573,484	2,041,785	-
Net Position:				
Net Investment in Capital Assets	1,277,318	339,939	1,617,257	67,680
Unrestricted	391,473	427,502	818,975	112,516
Total Net Position	1,668,791	767,441	2,436,232	180,196
Total Liabilities and Net Position	\$ 2,137,092	\$ 2,340,925	\$ 4,478,017	\$ 180,196

CITY OF LINDEN
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Total	Internal Service Fund
Operating Revenues:				
Charges for Services	\$ 733,013	\$ 495,465	\$ 1,228,478	\$ 95,000
Operating Expenses:				
Salaries and Fringe Benefits	10,701	58,060	68,761	12,095
General and Administrative	84,379	108,568	192,947	9,249
Sewage Treatment	416,114	-	416,114	-
Supplies	-	30,642	30,642	5,792
Equipment Repairs & Rentals	283,819	50,161	333,980	38,688
Depreciation	114,691	218,759	333,450	25,507
Total Operating Expenses	<u>909,704</u>	<u>466,190</u>	<u>1,375,894</u>	<u>91,331</u>
Operating Income (Loss)	<u>(176,691)</u>	<u>29,275</u>	<u>(147,416)</u>	<u>3,669</u>
Non-Operating Revenues (Expenses):				
State Grants	250,816	-	250,816	-
Interest Earned	7,358	175	7,533	11
Interest Expense and Related Fees	<u>(26,272)</u>	<u>(69,874)</u>	<u>(96,146)</u>	<u>-</u>
Total Non-Operating (Revenues) Expenses	<u>231,902</u>	<u>(69,699)</u>	<u>162,203</u>	<u>11</u>
Income before Contributions	55,211	(40,424)	14,787	3,680
Capital Contributions - Tap Fees	<u>31,314</u>	<u>25,932</u>	<u>57,246</u>	<u>-</u>
Change in Net Position	86,525	(14,492)	72,033	3,680
Net Position, Beginning	<u>1,582,266</u>	<u>781,933</u>	<u>2,364,199</u>	<u>176,516</u>
Net Position, Ending	<u>\$ 1,668,791</u>	<u>\$ 767,441</u>	<u>\$ 2,436,232</u>	<u>\$ 180,196</u>

CITY OF LINDEN
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	Sewer	Water	Total	Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from Customers and Users	\$ 779,498	\$ 216,063	\$ 995,561	\$ 95,000
Payments to Suppliers	(675,279)	(184,517)	(859,796)	(53,729)
Payments to Employees	(10,701)	(58,060)	(68,761)	(12,095)
Net Cash Provided by Operating Activities	<u>93,518</u>	<u>(26,514)</u>	<u>67,004</u>	<u>29,176</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
State Grants Received	250,816	-	250,816	-
Capital Contributions	31,314	25,932	57,246	-
Proceeds from Refunding Bonds	-	980,100	980,100	-
Principal Paid to Refunding Bond Escrow Agent	-	(975,000)	(975,000)	-
Principal Paid on Capital Debt	(252,672)	(138,817)	(391,489)	-
Interest Paid on Capital Debt	(26,272)	(69,874)	(96,146)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>3,186</u>	<u>(177,659)</u>	<u>(174,473)</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest Earned	<u>7,358</u>	<u>175</u>	<u>7,533</u>	<u>11</u>
Net Increase (Decrease) in Cash and Cash Equivalents	104,062	(203,998)	(99,936)	29,187
Cash and Cash Equivalents, Beginning	<u>34,882</u>	<u>628,804</u>	<u>663,686</u>	<u>83,329</u>
Cash and Cash Equivalents, Ending	<u>\$ 138,944</u>	<u>\$ 424,806</u>	<u>\$ 563,750</u>	<u>\$ 112,516</u>
<u>Reconciliation of Operating Income(Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$ (176,691)	\$ 29,275	\$ (147,416)	\$ 3,669
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	114,691	218,759	333,450	25,507
(Increase) Decrease in Receivables	19,757	11,964	31,721	-
(Increase) Decrease in Due from State	(16,272)	-	(16,272)	-
(Increase) Decrease in Prepaid Expenses	-	228	228	-
(Increase) Decrease in Advance to Other Funds	43,000	-	43,000	-
Increase (Decrease) in Accounts Payable	109,033	4,626	113,659	-
Increase (Decrease) in Due to Other Funds	-	(248,366)	(248,366)	-
Increase (Decrease) in Advance from Other Funds	-	(43,000)	(43,000)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 93,518</u>	<u>\$ (26,514)</u>	<u>\$ 67,004</u>	<u>\$ 29,176</u>

CITY OF LINDEN
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust Fund	Agency Fund
	Retiree Health Care	Tax Collection
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 362,118	\$ 1,667
<u>LIABILITIES</u>		
Due to Other	-	1,667
<u>NET POSITION</u>		
Held in Trust for Retirement Benefits	\$ 362,118	\$ -

CITY OF LINDEN
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust Fund
	Retiree Health Care
Additions:	
Contributions: Employer	\$ 40,000
Investment Earnings: Interest and Dividends	621
Total Additions	40,621
Deductions:	
Benefits Paid	28,111
Change in Net Position	12,510
Net Position - Beginning of Year	349,608
Net Position - End of Year	\$ 362,118

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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 2016, 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, 2016

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, 2016

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, 2016

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, 2016

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, 2016

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, 2016 recorded is \$54,027.

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, 2016

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 2016, 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, 2016.

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:

	Final Budget	Actual	Excess Over Appropriation
General Fund:			
Cemetery	\$ 75,050	\$ 80,717	\$ 5,667
Solid Waste	170,000	172,824	2,824
Street Lighting	40,000	46,494	6,494

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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, 2016, the City's book balance of its deposits was \$2,641,240. The bank balance was \$2,792,821 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>2,042,821</u>
Total	<u>\$2,792,821</u>

A reconciliation of cash for the primary government follows:

Cash and Cash Equivalents per:	
Statement of Net Position	\$2,277,455
Statement of Fiduciary Net Position	<u>363,785</u>
Total	<u>\$2,641,240</u>

At June 30, 2016, 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>\$ 68,434</u>	<u>\$ 68,463</u>	<u>\$ 68,463</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, 2016.

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, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended June 30, 2016 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	7,314,685	54,317	-	7,369,002
Buildings and Improvements	1,073,915	-	-	1,073,915
Equipment	1,385,401	-	(8,185)	1,377,216
	<u>9,774,001</u>	<u>54,317</u>	<u>(8,185)</u>	<u>9,820,133</u>
Less: Accumulated Depreciation:				
Infrastructure	(2,695,945)	(365,734)	-	(3,061,679)
Buildings and Improvements	(928,235)	(34,783)	-	(963,018)
Equipment	(1,232,041)	(41,974)	8,185	(1,265,830)
	<u>(4,856,221)</u>	<u>(442,491)</u>	<u>8,185</u>	<u>(5,290,527)</u>
Governmental Activities Capital Assets, net	<u>\$ 5,001,849</u>	<u>\$ (388,174)</u>	<u>\$ -</u>	<u>\$ 4,613,675</u>

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

General Government	\$ 50,759
Public Safety	6,688
Public Works	359,537
Charged through Internal Service Funds	<u>25,507</u>
	<u>\$ 442,491</u>

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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	(2,230,182)	(72,176)	-	(2,302,358)
Sewer System	(501,893)	(42,515)	-	(544,408)
Water System	(3,443,852)	(218,759)	-	(3,662,611)
	<u>(6,175,927)</u>	<u>(333,450)</u>	<u>-</u>	<u>(6,509,377)</u>
Business-type Activities				
Capital Assets, net	\$ <u>3,738,330</u>	\$ <u>(333,450)</u>	\$ <u>-</u>	\$ <u>3,404,880</u>

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

III. DETAILED NOTES ON ALL FUNDS – Continued

C. Interfund Receivables, Payables and Transfers

Interfund receivable and payables as of June 30, 2016 are as follows:

<u>Advance Receivable</u>	<u>Advance Payable</u>	<u>Amount</u>
Sewer Fund	Water Fund	\$ <u><u>139,000</u></u>

The composition of interfund transfers as of June 30, 2016, is as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Local Street Fund	General Fund	\$ 170,000
Local Street Fund	Major Street Fund	45,000
West Broad Debt Fund	General Fund	21,574
Saddlebrook Debt Fund	Saddlebrook Capital Proj.	<u>174,158</u>
		\$ <u><u>410,732</u></u>

Transfers to the Local Street Fund represent supplemental amounts for debt service payments. The transfer to the West Broad Debt Service fund represents a supplemental transfer to closeout the fund. The transfer out of the Saddlebrook Farms Capital Projects Fund represents a closeout of that fund.

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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, 2016:

	Balance July 1, 2015	Add: Additional Debt Incurred	Less: Retirements and Payments on Debt	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
2002 General Obligation Bonds	\$ 105,000	\$ -	\$ 50,000	\$ 55,000	\$ 55,000
2003 General Obligation Bonds	97,928	-	31,682	66,246	31,682
2005 General Obligation Bonds	155,000	-	25,000	130,000	25,000
2007 General Obligation Bonds	745,000	-	745,000	-	-
2015 GO Refunding Bonds	-	774,900	94,500	680,400	102,600
2001 Special Assessment Bonds	25,000	-	25,000	-	-
2002 Special Assessment Bonds	50,000	-	25,000	25,000	25,000
2003 Special Assessment Bonds	90,000	-	30,000	60,000	30,000
2005 Special Assessment Bonds	130,000	-	20,000	110,000	20,000
2007 Special Assessment Bonds	640,000	-	90,000	550,000	90,000
2014 Special Assessment Bonds	750,000	-	25,000	725,000	50,000
2014 Installment Loan	137,750	-	14,500	123,250	14,500
	<u>2,925,678</u>	<u>774,900</u>	<u>1,175,682</u>	<u>2,524,896</u>	<u>443,782</u>
Compensated Absences	51,206	2,821	-	54,027	-
Total Governmental Activities	<u>2,976,884</u>	<u>777,721</u>	<u>1,175,682</u>	<u>2,578,923</u>	<u>443,782</u>
Business-type Activities:					
2003 General Obligation Bonds	72,072	-	23,317	48,755	23,318
2005B Capital Improvement Bonds	375,000	-	375,000	-	-
2007 Capital Improvement Bonds	515,000	-	35,000	480,000	35,000
2005A Water Improvement Bonds	600,000	-	600,000	-	-
2005 Sewage Disposal Refunding Bonds	174,370	-	174,370	-	-
2007 Sewage Disposal Refunding Bonds	437,570	-	78,302	359,268	119,756
2015 Water Refunding Bonds	-	980,100	80,500	899,600	87,400
Total Business-type Activities	<u>2,174,012</u>	<u>980,100</u>	<u>1,366,489</u>	<u>1,787,623</u>	<u>265,474</u>
Total Primary Government Debt	<u>\$5,150,896</u>	<u>\$ 1,757,821</u>	<u>\$ 2,542,171</u>	<u>\$ 4,366,546</u>	<u>\$ 709,256</u>

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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, 2016:

	<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	1.00-4.85%	2022	\$ 931,646
Special Assessment Bonds	5	1.25-4.80%	2029	1,470,000
Act 99 Installment Loan	1	3.30%	2025	123,250
				<u>\$ 2,524,896</u>
<u>Business-type Activities:</u>				
General Obligation Bonds	4	1.00-5.00%	2027	<u>\$ 1,787,623</u>

The annual debt service requirements to maturity for debt outstanding as of June 30, 2016 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>
2017	\$ 443,782	\$ 75,587	\$ 265,474	\$ 51,694
2018	374,764	62,114	275,151	43,593
2019	310,200	52,626	253,398	35,596
2020	317,900	43,966	136,600	27,716
2021	333,300	34,648	141,200	24,326
2022-2026	524,950	66,514	610,800	69,052
2027-2030	220,000	14,203	105,000	8,000
	<u>\$ 2,524,896</u>	<u>\$ 349,658</u>	<u>\$ 1,787,623</u>	<u>\$ 259,977</u>

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.

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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. \$ 55,000

\$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. 66,246

\$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. 130,000

\$774,900 Limited Tax General Obligation Bonds dated September 3, 2015, due in annual installments with interest ranging from .75 to 3.00 percent. 680,400

Special Assessment Bonds

\$355,000 2002 Special Assessment Bonds dated June 1, 2002, due in annual installments with interest ranging from 4.60 to 4.80 percent. 25,000

\$375,000 2003 Special Assessment Bonds dated July 1, 2003, due in annual installments with interest ranging from 3.60 to 4.20 percent. 60,000

\$235,000 2005 Special Assessment Bonds dated September 1, 2005, due in annual installments with interest ranging from 4.00 to 4.25 percent. 110,000

\$1,270,000 2007 Special Assessment Bonds dated March 1, 2008, due in annual installments with interest rate of 4.00 percent. 550,000

\$750,000 2014 Special Assessment Bonds dated September 24, 2014, due in annual installments with interest ranging from 1.00 to 3.30 percent. 725,000

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. 123,250

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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.	\$ 48,755
\$725,000 2007 Capital Improvement Bonds dated February 13, 2008, due in annual installments with interest ranging from 4.00 to 5.00 percent.	480,000
\$738,934 2007 Sewage Disposal Bonds dated November 16, 2007, due in annual installments with interest rate of 4.00 percent.	359,268
\$980,100 Limited Tax General Obligation Bonds dated September 3, 2015, due in annual installments with interest ranging from .75 to 3.00 percent.	899,600

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 2015 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>
Operating	Charter	13.5000	10.8215	10.8215
Mosquito	Voted	.4000	.3942	.3942

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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, 2016, 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 \$34,378.

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. Current employees are required to contribute \$25 per month toward the plan. 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 \$28,111, 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, 2016

IV. OTHER INFORMATION - Continued

B. Post Retirement Health Care Benefits - Continued

Funding Progress – For the year ended June 30, 2016, 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	34,280
Less adjustment to the annual required contribution	<u>(32,593)</u>
Annual OPEB Cost	119,676

Amounts Contributed:

Payments of current premiums	(28,111)
Advance funding	<u>(40,000)</u>
Increase(Decrease) in net OPEB obligation	51,565
OPEB obligation - Beginning of Year	<u>428,505</u>
OPEB obligation - End of Year	<u><u>\$ 480,070</u></u>

Valuation as of February 28, 2012:

Actuarial Value of Assets	\$ 368,013
Actuarial Accrued Liability (AAL)	1,426,313
Unfunded AAL (UAAL)	1,058,300
Funded Ratio	25.80%
Covered Payroll	644,858
Ratio of UAAL to covered payroll	164.1%

Fiscal Year Ended	Actuarial Valuation Date	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/2014	2/28/2012	\$ 120,067	40.1%	\$ 401,577
6/30/2015	2/28/2012	\$ 119,634	77.5%	\$ 428,505
6/30/2016	2/28/2012	\$ 119,676	56.9%	\$ 480,070

CITY OF LINDEN
Notes to Financial Statements
June 30, 2016

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, 2016

IV. OTHER INFORMATION – Continued

D. 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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property Taxes	\$ 1,035,660	\$ 1,035,660	\$ 1,030,855	\$ (4,805)
Licenses and Permits	39,400	39,400	29,239	(10,161)
Intergovernmental - Federal/CDBG	50,000	50,000	28,967	(21,033)
Intergovernmental - State	402,987	402,987	354,675	(48,312)
Charges for Services	430,300	430,300	489,109	58,809
Cemetery	43,000	43,000	61,794	18,794
Fines and Forfeitures	7,500	7,500	9,127	1,627
Interest Earnings	2,000	2,000	5,724	3,724
Special Assessments	1,343	1,343	1,270	(73)
Franchise Fees	84,000	84,000	94,561	10,561
Other Revenues	-	-	525	525
Total Revenues	<u>2,096,190</u>	<u>2,096,190</u>	<u>2,105,846</u>	<u>9,656</u>
Expenditures:				
General Government:				
Administration	787,531	787,531	769,566	17,965
Cemetery	63,050	75,050	80,717	(5,667)
Total General Government	<u>850,581</u>	<u>862,581</u>	<u>850,283</u>	<u>12,298</u>
Public Safety:				
Police	515,510	530,510	521,471	9,039
Fire	155,900	155,900	151,705	4,195
Total Public Safety	<u>671,410</u>	<u>686,410</u>	<u>673,176</u>	<u>13,234</u>
Public Works:				
Public Works	205,750	245,750	198,680	47,070
Solid Waste	170,000	170,000	172,824	(2,824)
Street Lighting	40,000	40,000	46,494	(6,494)
Total Public Works	<u>415,750</u>	<u>455,750</u>	<u>417,998</u>	<u>37,752</u>
Recreation and Cultural:				
Parks	113,400	113,400	21,485	91,915
Debt Service:				
Principal	14,500	14,500	14,500	-
Interest and Fees	4,426	4,426	4,419	7
Total Debt Service	<u>18,926</u>	<u>18,926</u>	<u>18,919</u>	<u>7</u>
Total Expenditures	<u>2,070,067</u>	<u>2,137,067</u>	<u>1,981,861</u>	<u>142,908</u>
Excess of Revenues Over Expenditures	<u>26,123</u>	<u>(40,877)</u>	<u>123,985</u>	<u>152,564</u>
Other Financing Sources(Uses):				
Operating Transfers Out	(175,000)	(200,000)	(191,574)	8,426
	<u>(175,000)</u>	<u>(200,000)</u>	<u>(191,574)</u>	<u>8,426</u>
Net Change in Fund Balance	(148,877)	(240,877)	(67,589)	160,990
Fund Balance - July 1	<u>938,239</u>	<u>938,239</u>	<u>938,239</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 789,362</u>	<u>\$ 697,362</u>	<u>\$ 870,650</u>	<u>\$ 160,990</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental-State	\$ 68,695	\$ 68,695	\$ 115,504	\$ 46,809
Interest	100	100	192	92
Total Revenues	<u>68,795</u>	<u>68,795</u>	<u>115,696</u>	<u>46,901</u>
<u>Expenditures:</u>				
Public Works:				
Highways and Streets	106,550	106,550	66,086	40,464
Debt Service:				
Principal	198,019	198,019	184,391	13,628
Interest and Fees	48,934	48,934	39,280	9,654
Total Expenditures	<u>353,503</u>	<u>353,503</u>	<u>289,757</u>	<u>63,746</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(284,708)</u>	<u>(284,708)</u>	<u>(174,061)</u>	<u>110,647</u>
<u>Other Financing Sources (Uses):</u>				
Refunding Bond Proceeds	-	-	774,900	774,900
Payment to Refunded Bond Escrow Agent	-	-	(774,900)	(774,900)
Transfers In	215,000	215,000	215,000	-
Total Other Financing Sources (Uses)	<u>215,000</u>	<u>215,000</u>	<u>215,000</u>	<u>-</u>
Net Change in Fund Balance	(69,708)	(69,708)	40,939	110,647
Fund Balance, July 1	<u>141,238</u>	<u>141,238</u>	<u>141,238</u>	<u>-</u>
Fund Balance, June 30	\$ <u><u>71,530</u></u>	\$ <u><u>71,530</u></u>	\$ <u><u>182,177</u></u>	\$ <u><u>110,647</u></u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF LINDEN
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	<u>Special Revenue Major Street</u>	<u>Debt Service</u>	<u>Capital Project Saddlebrook Farms</u>	<u>Permanent Fund Cemetery</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	\$ 159,434	\$ 307,296	\$ -	\$ 50,396	\$ 517,126
Special Assessments Receivable	-	739,714	-	-	739,714
Due from State	<u>30,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,642</u>
Total Assets	<u>\$ 190,076</u>	<u>\$ 1,047,010</u>	<u>\$ -</u>	<u>\$ 50,396</u>	<u>\$ 1,287,482</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Accounts Payable	\$ <u>5,256</u>	\$ -	\$ -	\$ -	\$ <u>5,256</u>
Deferred Inflows of Resources:					
Unavailable Revenue-Special Assessments	<u>-</u>	<u>740,255</u>	<u>-</u>	<u>-</u>	<u>740,255</u>
Fund Balance:					
Nonspendable-Permanent Corpus	-	-	-	50,000	50,000
Restricted for Streets	184,820	-	-	-	184,820
Restricted for Debt Service	-	306,755	-	-	306,755
Restricted for Perpetual Care	<u>-</u>	<u>-</u>	<u>-</u>	<u>396</u>	<u>396</u>
Total Fund Balance	<u>184,820</u>	<u>306,755</u>	<u>-</u>	<u>50,396</u>	<u>541,971</u>
Total Liabilities and Fund Balance	<u>\$ 190,076</u>	<u>\$ 1,047,010</u>	<u>\$ -</u>	<u>\$ 50,396</u>	<u>\$ 1,287,482</u>

CITY OF LINDEN
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	<u>Special Revenue Major Street</u>	<u>Debt Service</u>	<u>Capital Project Saddlebrook Farms</u>	<u>Permanent Fund Cemetery</u>	<u>Total</u>
Revenues:					
State-Shared Revenue	\$ 186,327	\$ -	\$ -	\$ -	\$ 186,327
Special Assessments	-	83,520	-	-	83,520
Charges for Services	500	-	-	-	500
Interest Earned	-	295	-	30	325
Total Revenues	<u>186,827</u>	<u>83,815</u>	<u>-</u>	<u>30</u>	<u>270,672</u>
Expenditures:					
Highways, Streets, Sidewalks and Other Maintenance	80,444	-	-	-	80,444
Debt Service:					
Principal	16,791	125,000	-	-	141,791
Interest and Other Charges	1,589	29,298	-	-	30,887
Capital Outlay	-	-	54,317	-	54,317
Total Expenditures	<u>98,824</u>	<u>154,298</u>	<u>54,317</u>	<u>-</u>	<u>307,439</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>88,003</u>	<u>(70,483)</u>	<u>(54,317)</u>	<u>30</u>	<u>(36,767)</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	195,732	-	-	195,732
Operating Transfers Out	<u>(45,000)</u>	<u>-</u>	<u>(174,158)</u>	<u>-</u>	<u>(219,158)</u>
Total Other Financing Sources (Uses)	<u>(45,000)</u>	<u>195,732</u>	<u>(174,158)</u>	<u>-</u>	<u>(23,426)</u>
Change in Fund Balance	43,003	125,249	(228,475)	30	(60,193)
Fund Balance - July 1	<u>141,817</u>	<u>181,506</u>	<u>228,475</u>	<u>50,366</u>	<u>602,164</u>
Fund Balance - June 30	<u>\$ 184,820</u>	<u>\$ 306,755</u>	<u>\$ -</u>	<u>\$ 50,396</u>	<u>\$ 541,971</u>

CITY OF LINDEN
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2016

	<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>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ -	\$ 5,331	\$ 31,561
Special Assessments Receivable	<u>-</u>	<u>-</u>	<u>30,438</u>
	<u>\$ -</u>	<u>\$ 5,331</u>	<u>\$ 61,999</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities	\$ -	\$ -	\$ -
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Revenue-Special Assessments	-	-	30,979
Fund Balance:			
Restricted for Debt Service	<u>-</u>	<u>5,331</u>	<u>31,020</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 5,331</u>	<u>\$ 61,999</u>

<u>Ripley Road S/A Debt</u>	<u>Saddlebrook Farms S/A Debt</u>	<u>Total</u>
\$ 30,340	\$ 240,064	\$ 307,296
<u>68,769</u>	<u>640,507</u>	<u>739,714</u>
\$ <u>99,109</u>	\$ <u>880,571</u>	\$ <u>1,047,010</u>
\$ -	\$ -	\$ -
68,769	640,507	740,255
<u>30,340</u>	<u>240,064</u>	<u>306,755</u>
\$ <u>99,109</u>	\$ <u>880,571</u>	\$ <u>1,047,010</u>

CITY OF LINDEN
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended June 30, 2016

	<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>
<u>Revenues:</u>			
Special Assessments	\$ -	\$ 12,590	\$ 3,557
Interest Income	87	17	75
Total Revenues	<u>87</u>	<u>12,607</u>	<u>3,632</u>
<u>Expenditures:</u>			
Principal	25,000	25,000	30,000
Interest and Other Charges	892	1,787	3,185
Total Expenditures	<u>25,892</u>	<u>26,787</u>	<u>33,185</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(25,805)</u>	<u>(14,180)</u>	<u>(29,553)</u>
<u>Other Financing Sources (Uses):</u>			
Operating Transfer In	21,574	-	-
Operating Transfer Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>21,574</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	(4,231)	(14,180)	(29,553)
Fund Balance - July 1	<u>4,231</u>	<u>19,511</u>	<u>60,573</u>
Fund Balance - June 30	\$ <u><u>-</u></u>	\$ <u><u>5,331</u></u>	\$ <u><u>31,020</u></u>

Ripley Road S/A Debt	Saddlebrook Farms S/A Debt	Total
\$ -	\$ 67,373	\$ 83,520
47	69	295
<u>47</u>	<u>67,442</u>	<u>83,815</u>
20,000	25,000	125,000
5,112	18,322	29,298
<u>25,112</u>	<u>43,322</u>	<u>154,298</u>
<u>(25,065)</u>	<u>24,120</u>	<u>(70,483)</u>
-	174,158	195,732
-	-	-
<u>-</u>	<u>174,158</u>	<u>195,732</u>
(25,065)	198,278	125,249
<u>55,405</u>	<u>41,786</u>	<u>181,506</u>
<u>\$ 30,340</u>	<u>\$ 240,064</u>	<u>\$ 306,755</u>

CITY OF LINDEN
Component Unit - Downtown Development Authority
Balance Sheet
June 30, 2016

ASSETS

Cash	\$	<u>68,434</u>
------	----	---------------

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	\$	1,000
------------------	----	-------

Fund Balance		<u>67,434</u>
--------------	--	---------------

Total Liabilities and Fund Balance	\$	<u>68,434</u>
------------------------------------	----	---------------

CITY OF LINDEN
Component Unit - Downtown Development Authority
Statement of Revenues, Expenditures and Changes in Fund Balance
June 30, 2016

Revenues

Property Taxes	\$	54,648
----------------	----	--------

Other		<u>9,395</u>
-------	--	--------------

Total Revenues		64,043
----------------	--	--------

Expenditures

Community Development		<u>49,425</u>
-----------------------	--	---------------

Net Change in Fund Balance		14,618
----------------------------	--	--------

Fund Balance - Beginning		<u>52,816</u>
--------------------------	--	---------------

Fund Balance - Ending	\$	<u>67,434</u>
-----------------------	----	---------------

CITY OF LINDEN
Schedule of Indebtedness
Governmental Funds
June 30, 2016

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>
4.85%	5/01/17	\$ 55,000	\$ 2,668	\$ 57,668

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>
4.00%	11/1/2016	\$ 31,682	\$ 2,085	\$ 33,767
4.20%	11/1/2017	34,564	726	35,290
		\$ 66,246	\$ 2,811	\$ 69,057

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%	11/1/2016	\$ 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
		\$ 130,000	\$ 14,042	\$ 144,042

2015 General Obligation Refunding 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>
1.00%	5/01/2017	\$ 102,600	\$ 15,991	\$ 118,591
1.25%	5/01/2018	110,700	14,965	125,665
1.50%	5/01/2019	110,700	13,581	124,281
1.75%	5/01/2020	113,400	11,920	125,320
2.00%	5/01/2021	118,800	9,936	128,736
2.25%	5/01/2022	124,200	7,560	131,760
		\$ 680,400	\$ 73,953	\$ 754,353

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>
4.80%	11/1/2016	\$ 25,000	\$ 600	\$ 25,600

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>
4.00%	11/1/2016	\$ 30,000	\$ 1,860	\$ 31,860
4.20%	11/1/2017	30,000	630	30,630
		\$ 60,000	\$ 2,490	\$ 62,490

CITY OF LINDEN
Schedule of Indebtedness
Governmental Funds
June 30, 2016

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%	11/1/2016	\$ 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>\$ 110,000</u>	<u>\$ 12,159</u>	<u>\$ 122,159</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%	5/01/2017	\$ 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>\$ 550,000</u>	<u>\$ 77,800</u>	<u>\$ 627,800</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>
1.25%	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>\$ 725,000</u>	<u>\$ 144,833</u>	<u>\$ 869,833</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%	11/1/2016	\$ 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>\$ 123,250</u>	<u>\$ 18,302</u>	<u>\$ 141,552</u>

CITY OF LINDEN
Schedule of Indebtedness
Proprietary Funds
June 30, 2016

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>
4.00%	11/1/2016	\$ 23,318	\$ 1,534	\$ 24,852
4.20%	11/1/2017	25,437	534	25,971
		\$ <u>48,755</u>	\$ <u>2,068</u>	\$ <u>50,823</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>
4.10%	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>480,000</u>	\$ <u>147,748</u>	\$ <u>627,748</u>

2015 Water GO Refunding Bonds

<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Amount</u>	<u>Annual Interest Payable</u>	<u>Total Obligation</u>
1.00%	5/01/2017	\$ 87,400	\$ 13,622	\$ 101,022
1.25%	5/01/2018	94,300	12,747	107,047
1.50%	5/01/2019	94,300	11,570	105,870
1.75%	5/01/2020	96,600	10,154	106,754
2.00%	5/01/2021	101,200	8,464	109,664
2.25%	5/01/2022	105,800	6,440	112,240
2.50%	5/01/2023	100,000	8,826	108,826
2.75%	5/01/2024	110,000	6,324	116,324
3.00%	5/01/2025	110,000	3,300	113,300
		\$ <u>899,600</u>	\$ <u>81,447</u>	\$ <u>981,047</u>

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%	4/01/17	\$ 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
		\$ <u>359,268</u>	\$ <u>28,714</u>	\$ <u>387,982</u>

