

**City of Marion, Illinois**  
**Financial Statements**  
**April 30, 2014**

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4 - 5
Management's Discussion and Analysis	6 - 15
<b>Basic Financial Statements</b>	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Fund Balances to the Governmental Activities in the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
<b>Proprietary Funds</b>	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24
<b>Fiduciary Funds</b>	
Statement of Fiduciary Net Position	25
Statement of Changes in Plan Net Position	26

## Table of Contents (Continued)

	<u>Page</u>
<b>Agency Funds</b>	
Statement of Changes in Assets and Liabilities	27
<b>Notes to Financial Statements</b>	28 - 73
<b>Required Supplemental Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances -	
Budget and Actual (with Variances) - General Fund	74
Budget and Actual (with Variances) - TIF Redevelopment Funds	75
Budget and Actual (with Variances) - General Projects Fund	76
Notes to Required Supplemental Information	77
Schedule of Funding Progress	78
Schedule of Employer Contributions	79
<b>Other Supplemental Information</b>	
Combining Financial Statements - Non-major Governmental Funds	
Combining Balance Sheet	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	81
<b>Supplemental Combining Financial Statements -</b>	
<b>Non-Major Special Revenue Funds</b>	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
<b>Non-Major Debt Service Funds</b>	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	85

## Table of Contents (Continued)

	<b><u>Page</u></b>
Combining Balance Sheet - General Fund Types	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund Types	87
Combining Balance Sheet - TIF Redevelopment Funds	88
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - TIF Redevelopment Funds	89
Summary of Expenditures by Department - General Fund	90 - 96

# GRAY HUNTER STENN LLP

- 1 -

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

## CERTIFIED PUBLIC ACCOUNTANTS

2602 WEST DEYOUNG ST., P.O. BOX 1728

MARION, ILLINOIS 62959-7928

(618) 993-2647 FAX (618) 993-3981

MARION, ILLINOIS  
QUINCY, ILLINOIS

OAK BROOK, ILLINOIS  
SYCAMORE, ILLINOIS

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Commissioners  
City of Marion  
Marion, Illinois

### 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 Marion, Illinois, as of and for the year ended April 30, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion, Illinois, as of April 30, 2014, 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 budgetary comparison information on pages 6 - 15 and 74 - 76 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 Marion, Illinois' basic financial statements. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic

financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, on our consideration of the City of Marion, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Marion, Illinois' internal control over financial reporting and compliance.

*Gray Hunter Stenn LLP*

Marion, Illinois  
November 10, 2014

# GRAY HUNTER STENN LLP

- 4 -

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

## CERTIFIED PUBLIC ACCOUNTANTS

2602 WEST DEYOUNG ST., P.O. BOX 1728

MARION, ILLINOIS 62959-7928

(618) 993-2647 FAX (618) 993-3981

MARION, ILLINOIS  
QUINCY, ILLINOIS

OAK BROOK, ILLINOIS  
SYCAMORE, ILLINOIS

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Commissioners  
City of Marion  
Marion, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion, Illinois, as of and for the year ended April 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Marion, Illinois' basic financial statements, and have issued our report thereon dated November 10, 2014.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Marion, Illinois' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Marion, Illinois' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Marion, Illinois' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Marion, Illinois' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Gray Hunter Stenn LLP*

Marion, Illinois  
November 10, 2014

# CITY OF MARION, ILLINOIS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2014

---

The City of Marion's (the "City") discussion and analysis is designed to (1) assist the reader in focusing on significant financial issues, (2) provide an overview of the City's financial activity, (3) identify changes in the City's financial position (its ability to address the next and subsequent year challenges), (4) identify any material deviations from the financial plan (the approved budget), and (5) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the City's financial statements (beginning on page 16).

### **USING THIS ANNUAL REPORT**

The financial statement's focus is on both the City as a whole (government-wide) and on the major individual funds. Both perspectives (government-wide and major fund) allow the user to address relevant questions, broaden a basis for comparison (year to year or government to government) and enhance the City's accountability.

#### **Government-Wide Financial Statements**

The government-wide financial statements (see pages 16-17) are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Position (the "Unrestricted Net Position") is designed to be similar to bottom line results for the City and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long term obligations using the accrual basis of accounting and economic resources measurement focus.

The Statement of Activities (see page 17) is focused on both the gross and net cost of various activities (including governmental, business-type), which are supported by the government's general taxes and other resources. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

The Governmental Activities reflect the City's basic services, including police, fire, public works, culture and recreation and administration. Shared state sales tax, home rule sales tax, utility taxes and shared state income tax finance the majority of these services. The Business-type Activities reflect private sector type operations (Water and Wastewater) where the fee for service typically covers all or most of the cost of operation, including depreciation.

2013 balances in tables one and two have been restated to reflect GASB Pronouncement 65 and reclassifications.

### **Fund Financial Statements**

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than fund types.

The Governmental Major Fund (see pages 18 and 20) presentation is presented on a sources and uses of liquid resources basis. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statement allows the demonstration of sources and uses associated therewith.

The Fund Financial Statements also allow the government to address its Fiduciary Funds (Police Pension and Firefighters Pension Funds). While these funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Business-type Activities column on the Proprietary Fund Financial Statements (see pages 22-23) is the same as the Business-type column on the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement (see pages 19 and 21). The flow of current financial resources will reflect bond proceeds and interfund transfers as other financial sources as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation (bonds and others) into Governmental Activities column (in the Governmental-wide statements).

### **Infrastructure Assets**

Historically, a government's largest group of assets (infrastructure – roads, bridges, storm sewers, etc.) have not been reported nor depreciated in governmental financial statements. This new statement requires that that these assets be valued and reported within the Governmental column of the Government-wide Statements. Additionally, the government must elect to either (1) depreciate these assets over their estimated useful life or (2) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the modified approach) which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established levels of service standards, the government may record its cost of maintenance in lieu of depreciation.

The City has chosen to depreciate assets over their useful life. If a road project is considered maintenance - a recurring cost that does not extend the road's original useful life or expand its capacity – the cost of the project will be expensed.

**GOVERNMENT-WIDE STATEMENT**

**Statement of Net Assets**

The following table reflects the condensed Statement of Net Position:

**Table 1**  
**Statement of Net Position**  
**As of April 30, 2014**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets	\$ 43,628	\$ 40,204	\$ 3,887	\$ 4,113	\$ 47,515	\$ 44,317
Capital Assets	77,003	67,705	29,225	29,423	106,228	97,128
<b>Total Assets</b>	<b>\$120,631</b>	<b>\$107,909</b>	<b>\$ 33,112</b>	<b>\$ 33,536</b>	<b>\$ 153,743</b>	<b>\$ 141,445</b>
Deferred Outflows of Resources	\$ 441	\$ 513	\$ 14	\$ 21	\$ 455	\$ 534
Current Liabilities	\$ 6,493	\$ 4,269	\$ 1,328	\$ 1,419	\$ 7,821	\$ 5,688
Noncurrent Liabilities	46,908	38,770	13,061	13,930	59,969	52,700
<b>Total Liabilities</b>	<b>\$ 53,401</b>	<b>\$ 43,039</b>	<b>\$ 14,389</b>	<b>\$ 15,349</b>	<b>\$ 67,790</b>	<b>\$ 58,388</b>
Deferred Inflows of Resources	\$ 6,979	\$ 6,564	\$ -	\$ -	\$ 6,979	\$ 6,564
<b>Net Position:</b>						
Invested in Capital Assets, Net of Related Debt	\$ 49,821	\$ 48,322	\$ 16,682	\$ 15,972	\$ 66,503	\$ 64,294
Restricted	9,715	8,607	1,585	1,729	11,300	10,336
Unrestricted	1,156	1,890	470	507	1,626	2,397
<b>Total Net Position</b>	<b>\$ 60,692</b>	<b>\$ 58,819</b>	<b>\$ 18,737</b>	<b>\$ 18,208</b>	<b>\$ 79,429</b>	<b>\$ 77,027</b>

For more detailed information see the Statement of Net Position (page 16).

### Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Statement of Net Assets summary presentation:

**Net Results of Activities** – which will impact (increase/decrease) current assets and unrestricted assets.

**Borrowing for Capital** – which will increase current assets and long-term debt.

**Spending Borrowed Proceeds on New Capital** – which will reduce current assets and increase capital assets. There is a second impact, an increase invested in capital assets and an increase in related new debt which will not change the invested in capital assets, net of debt.

**Spending of Non-borrowed Current Assets on New Capital** – which will (a) reduce current assets and increase capital assets and (b) will reduce unrestricted net assets and increase invested in capital assets, net of debt.

**Principal Payment on Debt** – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted assets and increase invested in capital assets, net of debt.

**Reduction of Capital Assets through Depreciation** – which will reduce capital assets and invested in capital assets, net of debt.

### Current year impacts

The City's \$2.402 million increase of combined net position (which is the City's bottom line) was the result of the governmental activities increasing by \$1.873 million and business-type activities increasing by \$529 thousand. Governmental investment in capital assets net of related debt had the largest increase at \$1.499 million. This increase was due to new construction such as the new police station and the new HUB Recreational Center. Governmental restricted assets had an increase of \$1.108 million increase with the largest increase occurring in the development restricted asset. This was due to an increase in the TIF funds. TIF funds are being saved in anticipation of the increase in the payment amount to the State of Illinois on the two road construction loans the City has with the State. The Business-type restricted net assets decreased by \$144 thousand due to capital expenditures out of the bond reserve fund.

### Changes in Net Assets

The following table represents the condensed statement of Changes in Net Assets.

**Table 2**  
**Changes in Net Position**  
**For the Fiscal Year Ended April 30, 2014**  
**(in thousands)**

	Governmental Activities		Business-type Activities		Total Government	
	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 1,082	\$ 1,074	\$ 6,446	\$ 6,760	\$ 7,528	\$ 7,834
Operating grants and Contributions	963	956	-	-	963	956
Capital grants and Contributions	31	340	226	-	257	340
General revenues:						
Property taxes	6,189	5,715	-	-	6,189	5,715
Sales Tax (shared and Home rule)	13,175	13,555	-	-	13,175	13,555
Other taxes	4,982	3,990	-	-	4,982	3,990
Transfers	4	(138)	(4)	138	-	-
Other	88	183	171	45	259	228
<b>Total Revenues</b>	<b>\$ 26,514</b>	<b>\$ 25,675</b>	<b>\$ 6,839</b>	<b>\$ 6,943</b>	<b>\$ 33,353</b>	<b>\$ 32,618</b>
<b>EXPENSES:</b>						
General government	\$ 3,035	\$ 3,048	\$ -	\$ -	\$ 3,035	\$ 3,048
Public health and safety	9,117	8,077	-	-	9,117	8,077
Streets, alleys & cemeteries	3,654	4,288	-	-	3,654	4,288
Culture and recreation	2,617	2,384	-	-	2,617	2,384
Development	4,104	4,543	-	-	4,104	4,543
Debt service	997	694	-	-	997	694
Unallocated Depreciation	1,117	1,130	-	-	1,117	1,130
Water	-	-	3,418	3,377	3,418	3,377
Sewer	-	-	2,892	2,801	2,892	2,801
<b>Total Expenses</b>	<b>\$ 24,641</b>	<b>\$ 24,164</b>	<b>\$ 6,310</b>	<b>\$ 6,178</b>	<b>\$ 30,951</b>	<b>\$ 30,342</b>
<b>Change in Net Position</b>	<b>\$ 1,873</b>	<b>\$ 1,511</b>	<b>\$ 529</b>	<b>\$ 765</b>	<b>\$ 2,402</b>	<b>\$ 2,276</b>

---

**Normal Impacts**

**Revenues:**

**Economic Condition** – which can reflect a declining, stable or growing economic environment and has a substantial impact on state income, and sales tax revenue as well as public spending habits for building permits, elective user fees and volumes of consumption.

**Increase/Decrease in City Approved Rates** – while certain rates are set by statute, the City Council has significant authority to impose and periodically increase/decrease rates (water, wastewater, impact fees, building fees, home rule sales tax, etc.).

**Changing Patterns in Intergovernmental and Grant Revenue (both recurring and non-recurring)** – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring (or one-time) grants are less predictable and often distorting in their impact on year to year comparisons.

**Market Impacts on Investment Income** – the City's investment portfolio is managed using a short-term average maturity and the market condition may cause investment income to fluctuate less than alternative longer term options.

**Expenses:**

**Introduction of New Programs** – within the functional expense categories (Public Safety, Public Works, General Government, etc.) individual programs may be added or deleted to meet changing community needs.

**Increase in Authorized Personnel** – changes in service demand may cause the City Council to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent 51.5% of the City's operating cost.

**Salary Increases (annual adjustments and merit)** – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

**Inflation** – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuels, and parts. Some functions may experience unusual commodity specific increases.

**Current Year Impacts**

*Governmental Activities*

**Revenue:**

Total revenues increased by \$839 thousand. Other taxes increased by \$992 thousand. This was due the enactment of a utility tax during the year which added \$886 thousand to revenue. Property taxes increased by \$474 thousand with Sales tax decreasing by \$380 thousand. The City believes the slight decrease was due to the major road construction going on during the year.

---

**Expenses:**

Total expenses increased by \$ 477 thousand over the prior year. The largest single increase was in public health and safety at \$1.040 million. This increase was not due to one or two items. Police department had an increase in payroll and related expenses including pension costs. Police overtime, for example, increased by \$99 thousand due in large part to an effort in having more police on patrol at the time of shift exchanges. Police department also had increases in several expenditure line items in preparation of moving into the new police station. The Fire Department had an increase in grant expenditures of \$122 thousand along with an increase in payroll and related expenses including pension cost. Streets, alleys and cemeteries had a decrease of \$634 thousand. This decrease was due to a reduction in street maintenance. Streets and alleys line item will fluctuate from year to year depending upon amount of repairs and maintenance. There was a City wide increase in salaries of \$626 thousand (7.3%) due to annual raises and increase in the work force. City wide hospitalization insurance expense increased by \$142 thousand (7.1%). The City also incurred an increase in the Illinois Municipal Retirement Fund expense, Police Pension Fund expense, and the Firefighters Pension Fund expense. See the Notes to Financial Statements for a detailed analysis of the various pension funds.

*Business-type Activities*

**Revenues:**

Total revenues decreased \$104 thousand from the prior year. The decrease was attributable to charges for services which decreased by \$314 thousand over prior year. This decrease was due to a decline in usage. Decline in usage was due to a higher than usual usage in the prior year which resulted from a drought in the summer of 2012. Transfers were down by \$142 thousand due to less water relocations being paid with Tax Increment Financing funds and transferred to the Water Department. Capital grants and contributions were up due reimbursement from the school district on a water main project and a grant from the state for a water project which will be done during the 2015 fiscal year end.

**Expenses:**

Total expenses increased \$132 thousand over the prior year with the Water Department having a \$41 thousand increase over prior year with the Sewer Department having a \$91 thousand increase over prior year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

**Governmental Funds**

At April 30, 2014, the governmental funds (as presented on the balance sheet on page 18) reported a fund balance of \$31.040 million. However this amount includes \$8.35 million in unspent bond proceeds which are in the restricted portion of the fund balance. When total fund balance is reduced by the unspent bond proceeds, it leaves a remaining balance of \$22.69 million, which is a 6.18% increase from the beginning of the year (\$21.37 million). Of the total fund balance of \$31.040 million, \$7.96 million is unassigned general fund types indicating availability for the continuing City services. Total general fund types revenue increased by \$ 487 thousand from prior year. The majority of the increase is attributable to a \$379 thousand decrease in sales tax, and a \$886 thousand increase from a utility tax which was enacted during the fiscal year.

**General Fund Budgetary Highlights**

The City passes a Budget Ordinance as the means to provide legal authority to allocate funds to specific spending activities. Transfers between line items within a department do not required Council Approval. If required, the City passes budget revisions to approve the spending of funds which were not anticipated. The Budget Ordinance is on the cash basis of accounting.

<b>General Fund</b>	<b>Original Budget</b>	<b>Amended Budget</b>	<b>Actual</b>
Expenditures			
General government	\$ 3,227	\$ 3,404	\$ 3,353
Public health and safety	9,272	9,119	8,767
Streets, alleys & Cemeteries	3,319	3,320	3,305
Cultural & recreation	2,163	2,294	2,246
Development	946	921	806
<b>Total</b>	<b>\$ 18,927</b>	<b>\$ 19,058</b>	<b>\$18,477</b>

**Capital Assets**

At the end of Fiscal year 2014, the City's Governmental Funds had invested \$77 million, net of depreciation (see Notes to Financial Statements #9) in a variety of capital assets and infrastructure as reflected in the following schedule.

**Table 3  
 Governmental Funds  
 Change in Capital Assets  
 (in thousands)**

	<b>Balance April 30, 2013</b>	<b>Net Additions/ Deletions</b>	<b>Balance April 30, 2014</b>
Non-depreciable Assets			
Land	\$ 24,046	\$ 387	\$ 24,433
Construction in Progress	5,116	9,379	14,495
Other Capital Assets			
Infrastructure	49,906	373	50,279
Parking Lot Improvements	92		92
Buildings	19,499	90	19,589
Machinery and Equipment	2,987	728	3,715
Vehicles	3,593	288	3,881
Software	86	-	86
Land Improvements	246	-	246
Less Accumulated Depreciation on Other Capital Assets	(37,866)	(1947)	(39,813)
<b>Totals</b>	<b>\$ 67,705</b>	<b>\$ 9,298</b>	<b>\$ 77,003</b>

The increase in construction in progress was due to several large street projects, the new police station building and the new HUB Recreational Center.

**Debt Outstanding**

The City of Marion has an AA- stable rating with Standard and Poor's Ratings Service. As a home rule authority, the City does not have a legal debt limit. As of April 30, 2014 the City had total long-term debt and loans payable of \$58.45 million.

**Table 4**  
**Changes in Long-Term Debt**  
 (in thousands)

	Balance April 30, 2013	Net Additions/ Deletions	Balance April 30, 2014
<b>Governmental Activities</b>			
General Obligation Debt	\$ 28,432	\$ 8,330	\$ 36,762
Other Contractual Liabilities	8,804	246	9,050
<b>Governmental Activities Total</b>	<b>37,236</b>	<b>8,576</b>	<b>45,812</b>
<b>Business Activities</b>			
General Obligation Debt	4,183	(356)	3,827
Other Contractual Liabilities	9,366	(555)	8,811
<b>Business Activities Total</b>	<b>13,549</b>	<b>(911)</b>	<b>12,638</b>
<b>Total Long-Term Debt</b>	<b>\$ 50,785</b>	<b>\$ 7,665</b>	<b>\$ 58,450</b>

The City's largest bond obligation is for the financing of the Illinois Centre Mall and surrounding area infrastructure. The City during the year incurred one new bond issue, the City on December 27, 2013 issued \$9.730 million General Obligation Bonds. These bonds will be used to help pay for the several large road projects and the new HUB Recreation Center.

**Economic Factors**

During this fiscal year, as in the previous fiscal years, the economy continued to be a major concern with unemployment and public uncertainty over the economy as major factors impacting Marion's growth. Unemployment over the fiscal year was a low of 6.7 % in April 2014, and a high of 9.6 % in February 2014. The 12 month unemployment average for the fiscal year was 8.64%. Contrary to the preceding economic factors commercial building permits increased 150% over the previous year with a dramatic change of 427% in cost of the buildings over the previous fiscal year, 2 projects lead the large percentage change (1) Marion High School construction at \$72 million and (2) the Hub Recreation Center at \$12.5 million. New home permits showed an increase of 6.25% over prior year, even though the permit dollar amount in these homes decreased by 7.78%, and apartment building permits saw a decrease of 45%. A total of 67 building permits were issued in the fiscal year which includes homes, apartments, additions, and commercial buildings which equals the 67 permits in the previous year whereas, the total dollars invested in these buildings was \$103 million compared to 2013's \$24 million.

A concern this year is economic growth, as shown by a stagnant retail sales tax, displaying a decrease this fiscal year which appears to be a consequence of major road construction on the main traffic arteries of Interstate 57 and State Route 13 interchange and the construction of a full interchange on Morgan Avenue. The city continues to be optimistic that this infrastructure development will lead to more retail/commercial expansion in the prime site locations.

Construction projects still pepper the area with two auto dealerships breaking ground, as well as a gas station and convenience store, bank, several office buildings, and an assisted living center. Major expansions in the Kroger grocery and pharmacy, an auto body shop, and a restaurant.

### **FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances for 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 Steve Hale, City Treasurer, City of Marion, 1102 Tower Square, Marion, IL 62959.

**City of Marion, Illinois**  
**Statement of Net Position**  
**April 30, 2014**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 23,056,726.99	\$ 1,501,002.61	\$ 24,557,729.60
Restricted cash	1,905,763.01	1,642,088.35	3,547,851.36
Investments	3,313,391.53	-	3,313,391.53
Restricted Investments	69,188.41	-	69,188.41
Receivables, net			-
Property taxes	6,979,792.84	-	6,979,792.84
Sales taxes	3,162,144.61	-	3,162,144.61
Accrued interest	49,104.24	-	49,104.24
Accounts receivable	468,457.78	530,546.33	999,004.11
Loans receivable	1,373,055.31	-	1,373,055.31
Bonds receivable	2,340,000.00	-	2,340,000.00
Due from other governments	649,795.11	-	649,795.11
Inventories	-	213,064.91	213,064.91
Capital assets, non-depreciable	38,927,790.39	3,701,228.98	42,629,019.37
Capital assets, net of accumulated depreciation	38,074,744.37	25,523,819.78	63,598,564.15
Net pension asset	261,070.00	-	261,070.00
<b>Total Assets</b>	<b>\$ 120,631,024.59</b>	<b>\$ 33,111,750.96</b>	<b>\$ 153,742,775.55</b>
<b>Deferred Outflow of Resources</b>			
Unamortized loss on refunding	\$ 441,270.87	\$ 14,073.43	\$ 455,344.30
<b>Liabilities</b>			
Accounts payable	\$ 2,251,408.28	119,025.82	\$ 2,370,434.10
Accrued payroll	205,343.88	32,206.68	237,550.56
Accrued payroll related expenses	56,588.05	-	56,588.05
Accrued interest payable	178,686.57	57,468.58	236,155.15
Accrued vacation payable	369,819.11	82,267.48	452,086.59
Due to other funds	(9,755.63)	6,551.41	(3,204.22)
Customer deposits	-	563,006.48	563,006.48
Long-term liabilities			
Due within one year	3,440,787.96	1,030,062.46	4,470,850.42
Due in more than one year	42,001,235.27	11,526,398.34	53,527,633.61
Other liabilities	4,906,760.00	971,734.00	5,878,494.00
<b>Total Liabilities</b>	<b>\$ 53,400,873.49</b>	<b>\$ 14,388,721.25</b>	<b>\$ 67,789,594.74</b>
<b>Deferred Inflow of Resources</b>			
Unavailable revenue	\$ 6,979,792.84	\$ -	\$ 6,979,792.84
<b>Net Position</b>			
Invested in capital assets, net of related debt	\$ 49,821,327.23	\$ 16,682,661.39	\$ 66,503,988.62
Restricted for:			
Donor restricted expenditures	76,642.83	-	76,642.83
Future loans	1,591,614.81	-	1,591,614.81
Public safety expenditures	231,316.08	-	231,316.08
Development	4,558,294.29	-	4,558,294.29
Debt Service	1,535,631.11	1,584,619.77	3,120,250.88
Maintenance of roadways	1,721,122.19	-	1,721,122.19
Unrestricted	1,155,680.59	469,821.98	1,625,502.57
<b>Total Net Position</b>	<b>\$ 60,691,629.13</b>	<b>\$ 18,737,103.14</b>	<b>\$ 79,428,732.27</b>

See accompanying notes to financial statements.

**City of Marlon, Illinois  
Statement of Activities  
For the Year Ended April 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
General government	\$ 3,034,930.14	\$ 240,996.99	\$ 218,012.50	\$ -	\$ (2,575,920.65)		\$ (2,575,920.65)
Public health and safety	9,116,935.98	279,358.60	66,676.66	-	(8,770,900.72)		(8,770,900.72)
Streets, alleys and cemeteries	3,653,773.12	92,250.00	599,471.90	-	(2,962,051.22)		(2,962,051.22)
Culture and recreation	2,617,267.39	419,542.68	78,442.31	-	(2,119,282.40)		(2,119,282.40)
Development	4,103,739.17	50,129.61	-	30,727.00	(4,022,882.56)		(4,022,882.56)
Debt service	997,267.64	-	-	-	(997,267.64)		(997,267.64)
Unallocated depreciation expense	1,118,753.02	-	-	-	(1,118,753.02)		(1,118,753.02)
<b>Total Governmental Activities</b>	<b>\$ 24,840,686.46</b>	<b>\$ 1,082,277.88</b>	<b>\$ 962,603.37</b>	<b>\$ 30,727.00</b>	<b>\$ (22,565,058.21)</b>		<b>\$ (22,565,058.21)</b>
<b>Business-Type Activities</b>							
Water	\$ 3,418,033.82	\$ 3,432,243.62	\$ -	\$ 225,955.75		\$ 240,165.55	\$ 240,165.55
Sewer	2,891,501.16	3,013,746.39	-	-		122,245.23	122,245.23
<b>Total Business-Type Activities</b>	<b>\$ 6,309,534.98</b>	<b>\$ 6,445,990.01</b>	<b>\$ -</b>	<b>\$ 225,955.75</b>		<b>\$ 362,410.78</b>	<b>\$ 362,410.78</b>
<b>Totals</b>	<b>\$ 30,950,201.44</b>	<b>\$ 7,528,267.89</b>	<b>\$ 962,603.37</b>	<b>\$ 256,682.75</b>	<b>\$ (22,565,058.21)</b>	<b>\$ 362,410.78</b>	<b>\$ (22,202,647.43)</b>
<b>General Revenues</b>							
<b>Taxes</b>							
Property taxes				\$ 6,189,553.50	\$ -	\$ 6,189,553.50	
Sales taxes				13,175,073.66	-	13,175,073.66	
Other taxes and franchise fees				3,314,406.93	-	3,314,406.93	
Intergovernmental				1,667,310.36	-	1,667,310.36	
Investment income				43,886.85	829.93	44,716.78	
Miscellaneous				96,528.43	28,820.26	125,348.69	
Gain (loss) on sale of capital assets				(51,742.77)	-	(51,742.77)	
Loss recovery				-	140,750.52	140,750.52	
Transfers				3,617.41	(3,617.41)	-	
<b>Total General Revenues, Special Items, and Transfers</b>				<b>\$ 24,438,634.37</b>	<b>\$ 166,783.30</b>	<b>\$ 24,605,417.67</b>	
<b>Change in Net Position</b>				<b>\$ 1,873,576.16</b>	<b>\$ 529,194.08</b>	<b>\$ 2,402,770.24</b>	
<b>Net Position - Beginning of Year - Restated</b>				<b>58,818,052.97</b>	<b>18,207,909.06</b>	<b>77,025,962.03</b>	
<b>Net Position - End of Year</b>				<b>\$ 60,691,629.13</b>	<b>\$ 18,737,103.14</b>	<b>\$ 79,428,732.27</b>	

See accompanying notes to financial statements.

City of Marlon, Illinois  
Governmental Funds  
Balance Sheet  
April 30, 2014

	General Fund	TIF Redevelopment Fund	General Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 6,290,546.59	\$ 4,782,601.69	9,934,355.00	\$ 1,962,375.71	\$ 22,969,878.99
Restricted cash and cash equivalents	191,445.33	-	-	1,714,317.68	1,905,763.01
Investments	3,311,549.22	-	-	1,842.31	3,313,391.53
Restricted investments	69,188.41	-	-	-	69,188.41
Property taxes receivable	1,378,659.59	5,113,710.00	-	487,423.25	6,979,792.84
Sales taxes receivable	3,162,144.61	-	-	-	3,162,144.61
Accrued interest receivable	6,204.24	-	-	-	6,204.24
Loans receivable	-	-	-	1,363,255.31	1,363,255.31
Due from other governments	590,156.62	-	-	59,638.49	649,795.11
Accounts receivable	394,898.80	-	-	83,358.98	478,257.78
<b>Total Assets</b>	<b><u>\$ 15,394,793.41</u></b>	<b><u>\$ 9,896,311.69</u></b>	<b><u>\$ 9,934,355.00</u></b>	<b><u>\$ 5,672,211.73</u></b>	<b><u>\$ 40,897,671.83</u></b>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 382,999.02	\$ 224,307.40	\$ 1,586,809.51	\$ 57,292.35	\$ 2,251,408.28
Due to other funds	186,673.79	-	(575.00)	(190,976.90)	(4,878.11)
Accrued payroll	205,343.88	-	-	-	205,343.88
Accrued vacation	369,819.11	-	-	-	369,819.11
Accrued payroll related expenses	56,588.05	-	-	-	56,588.05
<b>Total Liabilities</b>	<b><u>\$ 1,201,423.85</u></b>	<b><u>\$ 224,307.40</u></b>	<b><u>\$ 1,586,234.51</u></b>	<b><u>\$ (133,684.55)</u></b>	<b><u>\$ 2,878,281.21</u></b>
<b>Deferred Inflow of Resources</b>					
Unavailable revenue	\$ 1,228,659.59	\$ 5,113,710.00	\$ -	\$ 637,423.25	\$ 6,979,792.84
<b>Fund Balances</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00
Restricted	168,382.22	4,558,294.29	8,348,120.49	5,167,473.03	18,242,270.03
Assigned	72,536.05	-	-	-	72,536.05
Committed	4,767,505.00	-	-	-	4,767,505.00
Unassigned	7,956,286.70	-	-	-	7,956,286.70
<b>Total Fund Balances</b>	<b><u>\$ 12,964,709.97</u></b>	<b><u>\$ 4,558,294.29</u></b>	<b><u>\$ 8,348,120.49</u></b>	<b><u>\$ 5,168,473.03</u></b>	<b><u>\$ 31,039,597.78</u></b>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<b><u>\$ 15,394,793.41</u></b>	<b><u>\$ 9,896,311.69</u></b>	<b><u>\$ 9,934,355.00</u></b>	<b><u>\$ 5,672,211.73</u></b>	<b><u>\$ 40,897,671.83</u></b>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Reconciliation of the Governmental Fund Balances to the Governmental Activities in**  
**the Statement of Net Position**  
**April 30, 2014**

**Total Fund Balances of Governmental Funds** **\$ 31,039,597.78**

Amounts reported for governmental activities in  
the Statement of Net Position are different because:

Capital assets used in governmental activities are  
not current financial resources and, therefore are not  
reported in the governmental activities of the  
governmental funds. 77,002,534.76

Interest payable is recorded in the Statement of Activities  
when incurred; these costs are recorded in governmental  
funds as expense when paid. (178,686.57)

The assets and liabilities of the health reimbursement fund are  
not included in the fund financial statement, but are  
included in the governmental activities of the Statement of  
Net Position. 91,725.52

Long-term liabilities, including bonds and notes payable are  
not due and payable in the current period and therefore,  
are not reported in the governmental funds. Other related  
amounts include OPEB costs and pension assets. (47,263,542.36)

**Net Position of Governmental Activities** **\$ 60,691,629.13**

See accompanying notes to financial statements.

City of Marion, Illinois  
Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended April 30, 2014

	General Fund	TIF Redevelopment Fund	General Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property taxes	\$ 1,156,186.03	\$ 4,775,365.76	\$ -	\$ 629,533.39	\$ 6,561,085.18
Sales tax	13,175,073.66	-	-	-	13,175,073.66
Grant revenue	292,337.18	-	-	87,041.47	379,378.65
Licenses and permits	109,883.13	-	-	-	109,883.13
Intergovernmental revenue	1,667,310.36	-	-	512,430.43	2,179,740.79
Service charges and fees	763,138.80	-	-	183,100.47	946,239.27
Other taxes and franchise fees	2,780,991.63	-	-	588,120.76	3,369,112.39
Investment income	39,990.88	1,583.89	1,494.87	675.89	43,745.53
Miscellaneous revenue	227,107.67	279.48	1,219.40	-	228,606.55
Restricted donations	16,701.49	-	-	-	16,701.49
<b>Total Revenues</b>	<b>\$ 20,228,720.83</b>	<b>\$ 4,777,229.13</b>	<b>\$ 2,714.27</b>	<b>\$ 2,000,902.41</b>	<b>\$ 27,009,566.64</b>
<b>Expenditures</b>					
General government	\$ 3,342,467.21	\$ -	\$ -	\$ -	\$ 3,342,467.21
Public health and safety	8,847,589.47	37,509.00	-	91,843.14	8,976,941.61
Streets, alleys and cemeteries	3,331,232.77	209,017.07	-	1,421,705.10	4,961,954.94
Culture and recreation	2,307,040.76	-	-	-	2,307,040.76
Development	823,649.00	3,334,323.30	-	11,424.21	4,169,396.51
Capital outlay	-	-	8,879,100.90	-	8,879,100.90
Debt Service	-	60,000.00	162,310.00	2,575,210.17	2,797,520.17
<b>Total Expenditures</b>	<b>\$ 18,651,979.21</b>	<b>\$ 3,640,849.37</b>	<b>\$ 9,041,410.90</b>	<b>\$ 4,100,182.62</b>	<b>\$ 35,434,422.10</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,576,741.62</b>	<b>\$ 1,136,379.76</b>	<b>\$ (9,038,696.63)</b>	<b>\$ (2,099,280.21)</b>	<b>\$ (8,424,855.46)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in (out)	\$ (1,991,861.26)	\$ (551,205.00)	\$ 4,230.68	\$ 2,553,955.64	\$ 15,120.06
Proceeds from long-term debt	338,102.98	-	10,164,154.30	363,523.80	10,865,781.08
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,653,758.28)</b>	<b>\$ (551,205.00)</b>	<b>\$ 10,168,384.98</b>	<b>\$ 2,917,479.44</b>	<b>\$ 10,880,901.14</b>
<b>Net Change in Fund Balances</b>	<b>\$ (77,016.66)</b>	<b>\$ 585,174.76</b>	<b>\$ 1,129,688.35</b>	<b>\$ 818,199.23</b>	<b>\$ 2,456,045.68</b>
<b>Fund Balances - Beginning of Year</b>	<b>13,041,726.63</b>	<b>3,973,119.53</b>	<b>7,218,432.14</b>	<b>4,350,273.80</b>	<b>28,583,552.10</b>
<b>Fund Balances - End of Year</b>	<b>\$ 12,964,709.97</b>	<b>\$ 4,558,294.29</b>	<b>\$ 8,348,120.49</b>	<b>\$ 5,168,473.03</b>	<b>\$ 31,039,597.78</b>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended April 30, 2014**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 2,456,045.68</b>
 Amounts reported for Governmental Activities in the Statement of Activities are different because:	
The issuance of long-term debt provides current financial resources to governmental funds, but not in the Statement of Activities	(10,865,781.08)
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the Statement of Activities.	
Depreciation expense	\$ (2,192,947.70)
Capital assets transferred to other funds	(11,502.65)
Capital asset purchases, capitalized	<u>11,629,856.81</u>
	9,425,406.46
The effect of various transactions involving capital assets (sales, trade-ins, and contributions) is to increase (decrease) net assets.	(127,551.07)
Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore are not reported as expenditures in governmental funds.	(1,391,954.19)
Accrued interest expense on long-term debt is reported in the Statement of Activities and Changes in Net position, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	139,325.37
The repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,267,183.28
The Health Reimbursement fund is used by management to charge the costs of health insurance reimbursements to individual funds. The net revenue (expense) is reported with governmental activities.	<u>(29,098.29)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 1,873,576.16</u></b>

See accompanying notes to financial statements.

City of Marion, Illinois  
Proprietary Funds  
Statement of Net Position  
April 30, 2014

	Enterprise Funds			Governmental Activities
	Water Department	Sewer Department	Total Business- Type Activities	Internal Service Health Reimbursement Fund
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 707,226.09	\$ 793,776.52	\$ 1,501,002.61	\$ 86,848.00
Accounts receivable, net	273,258.13	257,288.20	530,546.33	-
Inventories	128,890.16	84,174.75	213,064.91	-
Due from other funds	2,358.02	(394.90)	1,963.12	(3,637.01)
<b>Restricted Assets</b>				
Restricted Cash and cash equivalents	<u>342,373.22</u>	<u>1,299,715.13</u>	<u>1,642,088.35</u>	<u>-</u>
<b>Total Current Assets</b>	<u>\$ 1,454,105.62</u>	<u>\$ 2,434,559.70</u>	<u>\$ 3,888,665.32</u>	<u>\$ 83,210.99</u>
<b>Non-Current Assets</b>				
Capital assets, non-depreciable	3,631,416.83	69,812.15	3,701,228.98	-
Capital assets, net of accumulated depreciation	<u>9,414,261.92</u>	<u>16,109,557.86</u>	<u>25,523,819.78</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 14,499,784.37</u>	<u>\$ 18,613,929.71</u>	<u>\$ 33,113,714.08</u>	<u>\$ 83,210.99</u>
<b>Deferred Outflow of Resources</b>				
Unamortized loss of refunding	<u>\$ 14,073.43</u>	<u>\$ -</u>	<u>\$ 14,073.43</u>	<u>\$ -</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 52,098.97	\$ 66,926.85	\$ 119,025.82	\$ -
Accrued payroll	15,293.00	16,913.68	32,206.68	-
Accrued interest payable	10,882.52	46,586.06	57,468.58	-
Accrued vacation payable	35,998.76	46,268.72	82,267.48	-
Notes payable, current	41,084.77	623,977.69	665,062.46	-
Bonds payable, current	<u>365,000.00</u>	<u>-</u>	<u>365,000.00</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>\$ 520,358.02</u>	<u>\$ 800,673.00</u>	<u>\$ 1,321,031.02</u>	<u>\$ -</u>
<b>Non-current liabilities</b>				
Customer deposits	\$ 563,006.48	\$ -	\$ 563,006.48	\$ -
Notes payable, long-term	387,747.53	7,676,254.10	8,064,001.63	-
Bonds payable, long-term	3,462,396.71	-	3,462,396.71	-
Other liabilities	<u>488,566.00</u>	<u>483,168.00</u>	<u>971,734.00</u>	<u>-</u>
<b>Total Non-Current Liabilities</b>	<u>\$ 4,901,716.72</u>	<u>\$ 8,159,422.10</u>	<u>\$ 13,061,138.82</u>	<u>\$ -</u>
<b>Total Liabilities</b>	<u>\$ 5,422,074.74</u>	<u>\$ 8,960,095.10</u>	<u>\$ 14,382,169.84</u>	<u>\$ -</u>
<b>Net Position</b>				
Invested in capital assets, net of related debt	\$ 8,803,523.17	\$ 7,879,138.22	\$ 16,682,661.39	\$ -
Restricted by ordinance	331,490.70	1,253,129.07	1,584,619.77	-
Unassigned	<u>(43,230.81)</u>	<u>521,567.32</u>	<u>478,336.51</u>	<u>83,210.99</u>
<b>Total Net Position</b>	<u>\$ 9,091,783.06</u>	<u>\$ 9,653,834.61</u>	<u>\$ 18,745,617.67</u>	<u>\$ 83,210.99</u>

See accompanying notes to financial statements.

**City of Marion, Illinois  
Proprietary Funds  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Year Ended April 30, 2014**

	<u>Enterprise Funds</u>			<u>Governmental Activities Internal Service Health Reimbursement Fund</u>
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Business- Type Activities</u>	
<b>Operating Revenues</b>				
Service charges and fees	\$ 3,422,312.52	\$ 3,011,365.39	\$ 6,433,677.91	\$ 196,757.04
Miscellaneous	21,637.05	7,183.21	28,820.26	-
<b>Total Operating Revenues</b>	<u>\$ 3,443,949.57</u>	<u>\$ 3,018,548.60</u>	<u>\$ 6,462,498.17</u>	<u>\$ 196,757.04</u>
<b>Operating Expenses</b>				
Personnel services	\$ 891,709.54	\$ 925,967.45	\$ 1,817,676.99	\$ -
Contractual services	33,472.01	27,751.89	61,223.90	-
Utilities	62,793.06	227,947.99	290,741.05	-
Repairs and maintenance	119,530.47	150,709.13	270,239.60	-
Other supplies and expenses	238,032.64	303,044.60	541,077.24	-
Insurance claims and expenses	296,425.64	339,582.09	636,007.73	232,803.68
Water purchases	1,220,694.79	-	1,220,694.79	-
Depreciation	394,710.72	717,326.25	1,112,036.97	-
<b>Total Operating Expenses</b>	<u>\$ 3,257,368.87</u>	<u>\$ 2,692,329.40</u>	<u>\$ 5,949,698.27</u>	<u>\$ 232,803.68</u>
<b>Operating Income (Loss)</b>	<u>\$ 186,580.70</u>	<u>\$ 326,219.20</u>	<u>\$ 512,799.90</u>	<u>\$ (36,046.64)</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	\$ 355.26	\$ 474.67	\$ 829.93	\$ 15.93
Rental income, net	9,931.10	-	9,931.10	-
Amortization expense	123.33	-	123.33	-
Interest expense	(157,749.13)	(192,897.49)	(350,646.62)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>\$ (147,339.44)</u>	<u>\$ (192,422.82)</u>	<u>\$ (339,762.26)</u>	<u>\$ 15.93</u>
<b>Income (Loss) Before Contributions and Transfers</b>	<u>\$ 39,241.26</u>	<u>\$ 133,796.38</u>	<u>\$ 173,037.64</u>	<u>\$ (36,030.71)</u>
Capital contributions	237,458.40	-	237,458.40	-
Transfers in (out)	(7,560.03)	(7,560.03)	(15,120.06)	-
Loss recovery	70,375.26	70,375.26	140,750.52	-
<b>Change in Net Position</b>	<u>\$ 339,514.89</u>	<u>\$ 196,611.61</u>	<u>\$ 536,126.50</u>	<u>\$ (36,030.71)</u>
<b>Net Position - Beginning of Year, as restated</b>	<u>8,752,268.17</u>	<u>9,457,223.00</u>	<u>18,209,491.17</u>	<u>119,241.70</u>
<b>Net Position - End of Year</b>	<u>\$ 9,091,783.06</u>	<u>\$ 9,653,834.61</u>	<u>\$ 18,745,617.67</u>	<u>\$ 83,210.99</u>

See accompanying notes to financial statements.

**City of Marion, Illinois  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended April 30, 2014**

	<u>Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Business-Type Activities</u>	<u>Internal Service Health Reimbursement Fund</u>
<b>Cash Flows from Operating Activities</b>				
Receipts from customers	\$ 3,454,400.78	\$ 3,041,908.60	\$ 6,496,309.38	\$ 196,757.04
Loss recovery	70,375.26	70,375.26	140,750.52	-
Payments to employees	(749,383.11)	(782,544.98)	(1,531,928.09)	-
Payments to suppliers of goods and services	(2,189,586.38)	(1,182,515.41)	(3,372,101.79)	(232,803.68)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 585,806.55</u>	<u>\$ 1,147,223.47</u>	<u>\$ 1,733,030.02</u>	<u>\$ (36,046.64)</u>
<b>Cash Flows From Noncapital Financing Activities</b>				
Net operating transfers	\$ (18,500.24)	\$ (14,080.13)	\$ (32,580.37)	\$ 3,512.30
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>\$ (18,500.24)</u>	<u>\$ (14,080.13)</u>	<u>\$ (32,580.37)</u>	<u>\$ 3,512.30</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from capital contributions and grants	\$ 237,458.40	\$ -	\$ 237,458.40	\$ -
Interest paid on capital debt	(152,599.34)	(176,620.24)	(329,219.58)	-
Purchase of capital assets	(669,034.56)	(244,880.60)	(913,915.16)	-
Principal paid on capital debt	(395,757.48)	(547,711.62)	(943,469.10)	-
Proceeds from long-term debt	-	113,109.89	113,109.89	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>\$ (979,932.98)</u>	<u>\$ (856,102.57)</u>	<u>\$ (1,836,035.55)</u>	<u>\$ -</u>
<b>Cash Flows from Investing Activities</b>				
Interest on investments	\$ 355.26	\$ 474.67	\$ 829.93	\$ 15.93
Rental income, net	9,931.10	-	9,931.10	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>\$ 10,286.36</u>	<u>\$ 474.67</u>	<u>\$ 10,761.03</u>	<u>\$ 15.93</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<u>\$ (402,340.31)</u>	<u>\$ 277,515.44</u>	<u>\$ (124,824.87)</u>	<u>\$ (32,518.41)</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>1,451,939.62</u>	<u>1,815,976.21</u>	<u>3,267,915.83</u>	<u>119,366.41</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 1,049,599.31</u>	<u>\$ 2,093,491.65</u>	<u>\$ 3,143,090.96</u>	<u>\$ 86,848.00</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 186,580.70	\$ 326,219.20	\$ 512,799.90	\$ (36,046.64)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	\$ 394,710.72	\$ 717,326.25	\$ 1,112,036.97	\$ -
Bad debts	2,570.45	2,015.67	4,586.12	-
Loss recovery	70,375.26	70,375.26	140,750.52	-
(Increase) decrease in accounts receivable	7,880.76	21,344.33	29,225.09	-
(Increase) decrease in inventories	656.96	(942.00)	(285.04)	-
Increase (decrease) in customer deposits	(3,413.17)	-	(3,413.17)	-
Increase (decrease) in accounts payable	(150,440.49)	(67,543.31)	(217,983.80)	-
Increase (decrease) in accrued payroll	5,356.36	5,515.07	10,871.43	-
Increase (decrease) in other liabilities	71,529.00	72,913.00	144,442.00	-
<b>Total adjustments</b>	<u>\$ 399,225.85</u>	<u>\$ 821,004.27</u>	<u>\$ 1,220,230.12</u>	<u>\$ -</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 585,806.55</u>	<u>\$ 1,147,223.47</u>	<u>\$ 1,733,030.02</u>	<u>\$ (36,046.64)</u>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Statement of Fiduciary Net Position**  
**April 30, 2014**

	<b>Pension Trust Funds</b>	<b>Agency Fund</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 744,933.09	\$ 34,488.67
Receivables -		
Accrued interest receivable	37,431.18	-
Investments -		
U.S. Government and Agency obligations	5,535,802.63	-
Corporate Bonds	1,086,486.34	-
Insurance Company Contracts	6,596,451.54	-
Mutual Funds	399,418.36	-
Certificates of Deposit	1,213,000.00	-
Stocks	2,772,243.07	-
<b>Total Assets</b>	<b>\$ 18,385,766.21</b>	<b>\$ 34,488.67</b>
<b>Liabilities</b>		
Due to other organizations	\$ -	\$ 34,488.67
Due to other Funds	3,204.22	-
<b>Total Liabilities</b>	<b>\$ 3,204.22</b>	<b>\$ 34,488.67</b>
<b>Net Position</b>		
Held in Trust for Pension Benefits	<b>\$ 18,382,561.99</b>	

See accompanying notes to financial statements.

**City of Marion, Illinois  
Pension Trust Funds  
Statement of Changes in Plan Net Position  
For the Year Ended April 30, 2014**

<b>Additions</b>	
Contributions	
Employer	\$ 1,013,500.00
Plan Members	309,354.73
Miscellaneous Revenue	<u>-</u>
<b>Total Contributions</b>	<b><u>\$ 1,322,854.73</u></b>
Investment Income	
Net appreciation (depreciation) in fair value of investments	\$ 769,962.48
Interest and dividends	367,135.51
Investment expense	<u>(66,997.12)</u>
<b>Net Investment Income</b>	<b><u>\$ 1,070,100.87</u></b>
<b>Total Additions</b>	<b><u>\$ 2,392,955.60</u></b>
<b>Deductions</b>	
Benefits	\$ 1,141,606.06
Administrative expense	<u>23,114.20</u>
<b>Total Deductions</b>	<b><u>\$ 1,164,720.26</u></b>
<b>Net Increase</b>	<b>\$ 1,228,235.34</b>
<b>Net Position -</b>	
<b>Beginning of Year</b>	<u>17,154,326.65</u>
<b>End of Year</b>	<b><u><u>\$ 18,382,561.99</u></u></b>

See accompanying notes to financial statements.

**City of Marion, Illinois  
Agency Fund  
Statement of Changes in Assets and Liabilities  
For the Year Ended April 30, 2014**

	<u>Balance May 01, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2014</u>
Southern Illinois Enforcement Group	<u>\$ -</u>	<u>\$ 120,986.67</u>	<u>\$ 120,986.67</u>	<u>\$ -</u>

See accompanying notes to financial statements.

**City of Marion, Illinois  
Notes to Financial Statements  
April 30, 2014**

**Note 1. Summary of Significant Accounting Policies**

The City's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

**A. Reporting Entity**

The City of Marion was created in 1841 and operates under an elected Mayor/Council form of government. The City's major operations include public safety, fire protection, street maintenance, recreation, and general administrative services.

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises oversight responsibility.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria include, but are not limited to, whether the City exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public services, and special financing relationships.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements to its governmental activities. The City also has business-type activities and proprietary funds on which to apply the pronouncements. The significant accounting policies established in GAAP and used by the City are described below.

**B. Basic Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. 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. The City's government-wide activities include both governmental and business-type activities.

### Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

In the government-wide Statement of Net Position, the governmental activities column (a) is presented on a consolidated basis and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Interfund receivables/payables resulting from short-term interfund loans are eliminated in the government-wide Statement of Net Position. The City's net position is reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted. The City first utilizes restricted resources to finance qualifying activities. This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the City.

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

### Fund Financial Statements

Fund financial statements report detailed information about the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The following fund types are used by the City:

**GOVERNMENTAL FUND TYPES** - These are the funds through which most governmental functions typically are financed. The funds included in this category are as follows:

**General Fund Types** - The General Fund, Goddard Chapel Restoration Fund, and the Semi-Autonomous Departments (Cultural and Civic Center, Senior Citizens Council, Recreation Department, Boyton Street Community Center, Carnegie Library, Pavilion, and Recreation Building Funds) are the general operating funds of the City. They are used to account for all financial resources devoted to financing the general services that the City performs for its citizens, except those required to be accounted for in another fund.

**Special Revenue Funds** - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes. The City's special revenue funds are the Tax Increment Financing Redevelopment Fund, the Road and Bridge Fund, the Motor Fuel Tax Fund, the Gas Tax Fund, Foreign Fire Insurance Fund, Business Improvement Fund, and the Special Revenues - Police Fund.

**Debt Service Funds** - These funds are established for the purpose of accumulating resources for the payment of long-term debt including capital lease obligations, principal and interest other than those payable from Enterprise Funds.

**Capital Projects Funds** - These funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

**PROPRIETARY FUND TYPES** - These funds account for operations that are organized to be self-supporting through user charges. The fund included in this category is the Enterprise Fund.

**Enterprise Funds** - These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**FIDUCIARY FUND TYPES** - These funds account for assets held by the City as a trustee or agent for individuals, private organizations, and other units of governments. These funds are as follows:

**Pension Trust Funds** - These funds were established to provide pension benefits for City police and fire employees. The principal revenue source for this fund is employer and employee contributions. The financial statements presented for these funds, the Statement of Plan Net Position and Statement of Changes in Plan Net Position, are not consistent with conventional basic financial statements.

**Agency Funds** - This fund is custodial in nature and does not present results of operations or have a measurement focus. The agency fund is accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

**Major and Non-major Funds**

The funds are further classified as major or non-major as follows:

<u>Fund</u>	<u>Brief Description</u>
<b>Major Governmental:</b>	
General Fund Types	Accounts for financial resources devoted to financing the general services that the City performs for its citizens.
Tax Increment Financing Redevelopment Fund	Accounts for revenues and expenditures of providing tax incentives related to the development, redevelopment, and rehabilitation of real property within the TIF districts.
General Projects Fund	Accounts for revenues and expenditures to acquire and construct major capital facilities.
<b>Major Proprietary:</b>	
Water	Accounts for activities related to providing water service to the citizens of the City.
Sewer	Accounts for activities related to providing sewer service to the citizens of the City.
<b>Non-major Governmental:</b>	
Permanent: Throgmorton Endowment Fund	Accounts for the revenues and expenditures to maintain the Throgmorton gravesite.

<u>Fund</u>	<u>Brief Description</u>
Special Revenue Funds: Road and Bridge Fund	Accounts for revenues and expenditures of improving roads and infrastructure.
Motor Fuel Tax Fund	Accounts for revenues and expenditures of improving roads and infrastructure.
Gas Tax Fund	Accounts for revenues and expenditures of improving roads and infrastructure.
Business Improvement Fund	Accounts for revenues and expenditures of promoting economic development through providing low interest loans to businesses in the City.
Foreign Fire Insurance Fund	Accounts for revenues received from the Illinois Municipal League and the corresponding expenditures of that money. The money can be used for the maintenance, use, and benefit of the fire department.
Special Revenues - Police Fund	Accounts for the revenues received from 911 fees, DUI fees, vehicle impound fees, and drug enforcement income. The money can be used for the benefit of the police department.
Debt Service Funds: TIF Debt Service Fund	Accounts for the payment of long-term debt principal, interest and related costs.
2006 and 2005 Refunding Bonds Debt Service Funds	See above for description.
SSA Debt Service Funds	See above for description.
Debt Service for Various Projects Funds	See above for description.
Capital Project Fund:  FAI 57 Morgan Avenue Exchange	Accounts for revenues and expenditures to acquire and construct major capital facilities.

### C. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

#### Accrual

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The accrual basis of accounting is also utilized by the proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The accrual basis of accounting is followed for presentation of assets of the Pension Trust Funds. Liabilities pertaining to benefits payable or refunds payable are presented on the modified accrual basis, with remaining liabilities presented on the accrual basis of accounting.

#### Modified Accrual

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 "available" when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be "available" as they are collected within 60 days of the end of the current fiscal period except for sales tax and telecommunication taxes which are 90 days and state income tax which is 120 days.

Property taxes, sales taxes, franchise taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

### D. Annual Budget Ordinance

The City Council annually passes a budget ordinance which includes all fund types using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: salaries and benefits, services and charges, supplies, capital outlay, debt service. For each fund, total fund expenditures may not legally exceed the budgeted amounts. All unexpended budgetary items lapse at the end of each fiscal year.

**E. Cash and Cash Equivalents**

Cash includes cash on hand and cash on deposit with financial institutions that can be withdrawn without prior notice or penalty.

Cash equivalents include short term, highly liquid investments with original maturities of 90 days or less. For purposes of proprietary fund statement of cash flows presentation, cash and cash equivalents totaled \$3,143,090.96 at April 30, 2014.

Separate bank accounts are not maintained for all City funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

**F. Investments**

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

**G. Receivables**

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Bad debts of the Special Revenue Fund (Business Improvement Fund) are accounted for by the allowance reserve method in recognizing bad debt expense. This method better matches the cost of operating the fund with revenues of the fund and is consistent with generally accepted accounting principles.

**H. Inventory**

Inventory is valued at cost using the first-in, first-out method, and consists of expendable supplies held for consumption for governmental funds and the proprietary funds. Reported inventories of governmental funds are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources.

**I. Due To and Due From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net position.

**J. Restricted Assets**

Enterprise funds and debt service funds are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. Carnegie Library, Senior Citizens, Boyton Street, and Civic Center are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for donor-designated purchases.

### K. Capital Assets

The City is required to spread the cost of its capital assets over the assets' useful lives. These capital assets include land, buildings, and related equipment. The depreciation expense amounts charged to each of the functions are in the statement of activities.

The City's property, plant, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The City maintains infrastructure asset records consistent with all other capital assets.

Capital assets purchased or acquired with an original cost of \$2,500.00 or more are reported at historical or estimated historical cost, including all ancillary charges necessary to place the asset in its intended location and condition for use. Infrastructure projects with a cost of \$100,000.00 or more are also reported at historical cost. Donated assets are reported at fair market value at the time of acquisition plus all appropriate ancillary costs. Additions, improvements and other capital outlays that exceed \$15,000.00 for building improvements, \$10,000.00 for land improvements, \$25,000.00 for water and sewer line improvements and which significantly extend the useful life of an asset are capitalized. Depreciation on all assets is calculated using the straight-line method. The estimated useful lives of assets are based on local government suggested basis, past experience, or other reliable sources. Useful lives typically will not exceed fifty (50) years. The following estimated useful lives are used for depreciation purposes:

Infrastructure	15-40 years
Buildings and improvements	15-50 years
Furniture and equipment	5-20 years

Property, plant and equipment acquired for proprietary funds is capitalized in the respective fund to which it applies.

Property, plant and equipment is stated at cost. Where cost could not be determined from the available records, estimated historical cost was used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their fair market value at the date of transfer.

Depreciation of exhaustible fixed assets used by proprietary funds is charged as an expense against operations, and accumulated depreciation is reported on the proprietary funds' balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation applied to the cost of each class of property, plant and equipment. Estimated useful lives, in years, for depreciable assets of the Water and Sewer departments are as follows:

Buildings and grounds	15-75 years
Improvements	15-75 years
Machinery and equipment	5-15 years
Water and sewer lines	50-75 years

### L. Compensated Absences

For the City as a whole, benefit pay is accrued for benefits earned but not taken at April 30, 2014. Unused vacation time cannot be carried over to subsequent years with the exception of the Police Department.

Police Department officers may carryover up to 40 hours of vacation to the first two months of the next year or six months of the next year if preapproved vacation has been cancelled by the employer. The City allows employees to accumulate unused sick leave to a maximum of 1,920 hours, for all except dispatchers, police officers and firefighters which is 1200 hours. Sick leave will be paid upon illness while in the employment of the City. This sick leave program also includes an annual buy-back provision upon the meeting of certain requirements, and is not paid upon termination. As of April 30, 2014, the liability for sick leave is \$2,142,073.01.

#### **M. 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 financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **N. Equity Classifications**

##### **Government-wide Statements**

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net assets that do not meet the definition of "restricted" or "invested in capital asset, net of related debt."

##### **Fund Statements**

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned.

#### **O. Operating Revenues and Expenses**

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

**P. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports one item as a deferred outflow of resources: unamortized loss on refunding. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports unavailable/unearned property taxes in this category.

**Q. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Property Tax Revenues**

Property tax revenues are recorded on the "deferred method." Because of the extraordinarily long period of time between the levy date and the receipt of tax distributions from the County Collector, the property taxes are not "available" to finance current year expenditures. For those funds on the modified accrual basis, the current year tax levy is recorded as property taxes receivable and deferred tax inflow of resources.

The following are the taxes extended and collected, and assessed valuations for the calendar years 2011, 2012, and 2013:

	<u>2011 Taxes Payable in 2012</u>	<u>2012 Taxes Payable in 2013</u>	<u>2013 Taxes Payable in 2014</u>
<u>Taxes Extended</u>			
Real and personal	<u>\$ 1,107,253</u>	<u>\$ 1,306,895</u>	
<u>Total Taxes Extended</u>	<u>\$ 1,107,253</u>	<u>\$ 1,306,895</u>	<u>\$ 1,378,659</u>
<u>Add</u> - Current and back taxes and interest	\$ 634	\$ 2,209	
Trustee sale	127	1,543	
Forfeited taxes redeemed after settlement	12	0	
Trustee redemption	988	622	
Housing authority	3,201	3,812	
Taxes collected not extended			
- Special Service debt service	368,260	371,390	
- Road and Bridge	113,481	109,010	
- Tax Increment Financing	<u>4,495,154</u>	<u>4,775,366</u>	
<u>Total Additions</u>	<u>\$ 4,981,857</u>	<u>\$ 5,263,952</u>	
<u>Total</u>	<u>\$ 6,089,110</u>	<u>\$ 6,570,847</u>	

	<u>2011 Taxes Payable in 2012</u>	<u>2012 Taxes Payable in 2013</u>	<u>2013 Taxes Payable in 2014</u>
<u>Deduct-</u> Errors and corrections	\$ 3,694	\$ 5,560	
Forfeits	190	314	
Prior years abatement refund	887	1,665	
Amounts due from Trustee Program	<u>860</u>	<u>2,223</u>	
<u>Total Deductions</u>	<u>\$ 5,631</u>	<u>\$ 9,762</u>	
Income from Taxes	<u>\$ 6,083,479</u>	<u>\$ 6,561,085</u>	
<u>Assessed Valuation</u>	<u>\$ 288,136,960</u>	<u>\$ 286,807,293</u>	<u>\$ 296,511,439</u>

The City's property tax is levied each year on all taxable real property located in the City. Property taxes attach as an enforceable lien on property as of January 1 and were payable in two installments on July 12, 2013 and September 12, 2013. The City receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from 2012 and prior tax levies.

The following are the tax rate limits permitted and the actual rates levied per \$100.00 of assessed valuation:

<u>Tax Rates</u>	<u>Limit</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Recreation		-	.05000	.04721
Bonds and interest	No Limit	.05206	.05230	.05059
Police Pension	No Limit	.19778	.20641	.22356
Fire Pension	No Limit	<u>.13444</u>	<u>.14696</u>	<u>.14360</u>
<u>Total</u>		<u>.38428</u>	<u>.45567</u>	<u>.46496</u>
 <u>Extensions</u>		 <u>2011</u>	 <u>2012</u>	 <u>2013</u>
Recreation	\$	-	\$ 143,404	\$ 139,983
Bonds and interest		150,004	150,000	150,005
Police Pension		569,877	591,999	662,881
Fire Pension		<u>387,371</u>	<u>421,492</u>	<u>425,790</u>
	\$	<u>1,107,252</u>	<u>1,306,895</u>	<u>1,378,659</u>

The Road and Bridge Fund taxes received are a pro-rata portion of such taxes collected by Williamson County, Illinois, and are not extended separately for the City of Marion, Illinois.

The Tax Increment Financing taxes received are calculated based on the increase in the assessed valuation of the property located within the TIF district.

**Note 3. Deposits and Investments**

Permitted Deposits and Investments - Statutes authorize the City to make deposits and investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds. Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and Illinois insurance company general and separate accounts, mutual funds and equity securities.

**A. Custodial Credit Risk Related to Deposits with Financial Institutions**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned to it. The City's general investment policy requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be collateralized by securities eligible for City investment or any other high-quality, interest-bearing security. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The City's investment policy states the preferred method for safekeeping of collateral is to have securities registered in the City's name and held by a third-party custodian.

At April 30, 2014, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit, was \$6,997,799.73 (excludes \$5,120.15 in petty cash held at the City). The bank balance was \$7,002,532.48. As of April 30, 2014, the following City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk as follows:

	<u>Bank Balance</u>
Category #3	<u>\$ - 0 -</u>

Category #3 includes deposits which are uninsured, uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, in the City's name.

During the year ended April 30, 2014, the depository banks used by the City had pledged \$6,162,716.80 in federal securities to secure the City's deposits in excess of the amounts insured by the FDIC. The pledged securities are held by the pledging financial institutions' trust department or agent but not in the City's name.

**B. Investments**

**Investments Authorized by the City of Marion's Investment Policy**

The table below identifies the investment types that are authorized for the City of Marion by the City's Investment Policy. The table also identifies certain provisions of the City's Investment Policy that address interest rate risk, credit risk, and concentration risk. The police and fire pension funds are not covered by this policy, but are governed by state statutes and their own separate investment policies.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U. S. Government Bonds or Similar Obligations	5 years	50%	not addressed
U. S. Government Treasury Bills	5 years	N/A	not addressed
Other U. S. Government Securities	5 years	50%	not addressed
Time Deposits	5 years	50%	not addressed
Investments Constituting Direct Obligations of any Bank	5 years	50%	not addressed
State of Illinois Public Treasurer's Investment Pool	N/A	N/A	not addressed

Reserve funds may exceed five years.

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations.

As of April 30, 2014, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
Mutual Funds	\$ 399,418.36	\$ 399,418.36	\$ -	\$ -	\$ -
Common stocks	2,773,989.72	2,773,989.72	-	-	-
Municipal bonds	1,681,402.60	565,000.00	-	168,754.85	927,647.75
Federal Home Loan Mortgage Corp.	901,047.06	-	283,559.33	67,242.92	550,244.81
Federal National Mortgage Association	481,521.76	-	252,035.58	12,532.52	226,953.66
Government National Mortgage Association	1,135.16	-	-	791.39	343.77
United States Treasury	3,045,698.05	139,254.98	2,554,268.99	314,027.12	38,144.96
Insurance contracts - Fixed	1,668,422.54	551,344.39	484,675.24	632,402.91	-
Insurance contracts - Variable	4,928,029.00	-	-	-	-
Illinois Funds Money Market	25,912,262.41	25,912,262.41	-	-	-
Corporate Bonds	<u>1,086,486.34</u>	<u>23,788.12</u>	<u>975,180.80</u>	<u>87,537.42</u>	<u>-</u>
Total	<u>\$42,889,391.00</u>	<u>\$30,365,017.98</u>	<u>\$ 4,549,719.94</u>	<u>\$ 1,283,289.13</u>	<u>\$ 1,743,334.95</u>

**Investments with Fair Values Highly Sensitive to Interest Rate Risk**

The City's investments include the following investments that are highly sensitive to interest rate fluctuations:

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
Federal agency securities. Some of these securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$ 1,393,703.98

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City minimizes its exposure to credit risk by limiting its investments to the safest types of securities; by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers which the City will do business; and by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The investment policy of the City contains a 50% limitation on the amount that can be invested in any one issuer, with the exception of U.S. Treasuries and the Illinois Public Treasurers Investment Pool. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments by reporting unit are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>	<u>%</u>
MetLife	Insurance contract	\$ 1,182,581.61	7.22%
AIG Sun America	Insurance contract	1,657,179.82	10.11%
MetLife	Insurance contract	1,244,104.31	7.59%

Investments in any one issuer that represent 5% or more of total investments by reporting unit (governmental activities, business-type activities, major funds, non-major funds in the aggregate, fiduciary fund types, etc.) are as follows:

\$1,182,581.61 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of an unrated insurance contract issued by MetLife that has no maturity date.

\$1,657,179.82 of the investments reported in the Police Pension Fund (a fiduciary fund of the City) are held in the form of an unrated insurance contract issued by AIG Sun America that has no maturity date.

\$1,244,104.31 of the investments reported in the Fire Pension Fund (a fiduciary fund of the City) are held in the form of an unrated insurance contract issued by MetLife that has no maturity date.

#### Investment in State Investment Pool

During the year ended April 30, 2014, the City maintained accounts with the Illinois Funds Money Market (formerly known as IPTIP). Illinois Funds Money Market is an external investment pool created by the Illinois General Assembly in 1975. Its primary purpose is to provide Public Treasurers and other custodians of public funds with an alternative investment vehicle which will enable them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by the full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

The time deposits are collateralized 110% over FDIC or FSLIC \$250,000 insurance with U.S. Treasury obligations and marked to market on a weekly basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and collateral is checked daily to determine sufficiency. Individual participants maintain separate investment accounts representing a proportionate share of the pool assets and in respective collateral; therefore no collateral is identified with each participant's account.

At April 30, 2014, the City had \$25,912,262.41 invested with the Illinois Funds.

#### Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The City had no foreign currency risk as of April 30, 2014.

#### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, (e.g., broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments, other than the following provision for investments: a list will be maintained of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by creditworthiness who maintain an office in the State of Illinois. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). The policy also states that, at the request of the City, the firms performing investment services for the City shall provide their most current audited financial statements and or their most current Consolidated Report of Condition (call report) for review. At year end, none of the City's investments were subject to custodial credit risk due to one of the following:

- Investments were part of an insured pool
- Investments were book-entry only in the name of the City and were fully insured
- Investments were part of a mutual fund
- Investments were held by an agent in the City's name

As of April 30, 2014, the City's investments were held by the same broker-dealers (counterparties) that were used by the City to buy the securities:

<u>Broker/Dealer</u>	<u>Reported Amount</u>
Edward Jones	\$ 1,097,370.00
Bank of Marion Investment Services	<u>343.77</u>
	<u>\$ 1,097,713.77</u>

The tables that follow this page summarize disclosures relating to interest rate risk and credit risk, including the minimum rating required by the City's investment policy and the actual rating as of year end for each investment type:

Fiduciary Fund Types	Investment	Fair Value	Maturity Date	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Year End			
						AAA	AA	A	Not Rated
Police Pension	GNMA Pool #585287	\$ 343.77	9/15/2032	N/A	\$ 343.77				
	FNMA	12,532.52	12/1/2024	N/A	12,532.52				
	FNMA	29,574.62	6/1/2040	N/A	29,574.62				
	FNMA	15,911.88	4/1/2041	N/A	15,911.88				
	FNMA	14,972.75	11/1/2042	N/A	14,972.75				
	FNMA	76,567.75	1/1/2044	N/A	76,567.75				
	FNMA	.41	10/07/2035	N/A	.41				
	FNMA	12,014.64	3/30/2016	N/A	12,014.64				
	FNMA	24,948.54	11/15/2030	N/A	24,948.54				
	FNMA	7,997.26	9/1/2025	N/A	7,997.26				
	Addison, IL	76,090.50	11/15/2013	N/A			76,090.50		
	Williamson County, IL	96,892.20	12/01/2020	N/A			96,892.20		
	Fisher Illinois Alt. Source	106,514.00	12/01/2024	N/A				106,514.00	
	Chicago Illinois Modern SCHS	93,156.00	12/01/2025	N/A				93,156.00	
	Cook Co. RFDG	76,968.00	11/15/2027	N/A			76,968.00		
	Cook Co. GO	77,860.50	11/15/2033	N/A			77,860.50		
	Carpentersville, IL	108,425.00	12/30/2030	N/A			108,425.00		
	Aurora, IL Library	67,164.75	12/30/2034	N/A			67,164.75		
	Clinton County, IL	77,504.80	12/1/2024	N/A				77,504.80	
	Winnebago County, IL	85,209.30	12/30/2029	N/A			85,209.30		
	Monroe and St. Clair Counties, IL	89,355.00	4/15/2027	N/A			89,355.00		
	Mt. Vernon, IL	50,012.50	12/15/2028	N/A			50,012.50		
	FHMLC	42,453.75	12/1/2042	N/A	42,453.75				
	FHMLC	8,758.30	5/1/2043	N/A	8,758.30				
	FHMLC	71,237.09	1/1/2044	N/A	71,237.09				
	FHMLC	79,048.59	12/1/2040	N/A	79,048.59				
	FHMLC	15,694.24	3/7/2018	N/A	15,694.24				
	U. S. Treasury Note	38,144.96	2/15/2036	N/A	38,144.96				
	U. S. Treasury Note	26,734.50	5/15/2019	N/A	26,734.50				
	U. S. Treasury Note	184,595.32	8/31/2015	N/A	184,595.32				
	U. S. Treasury Note	50,827.68	5/15/2021	N/A	50,827.68				
	U. S. Treasury Note	31,350.02	7/15/2021	N/A	31,350.02				
	U. S. Treasury Note	74,193.88	4/15/2015	N/A	74,193.88				
	U. S. Treasury Note	42,502.92	8/15/2021	N/A	42,502.92				
	U. S. Treasury Note	29,035.09	7/15/2015	N/A	29,035.09				
	U. S. Treasury Note	103,080.60	7/31/2019	N/A	103,080.60				
	U. S. Treasury Note	28,594.58	8/31/2017	N/A	28,594.58				
	U. S. Treasury Note	65,061.10	10/31/2014	N/A	65,061.10				
	U. S. Treasury Note	25,004.75	3/15/2016	N/A	25,004.75				
	U. S. Treasury Note	59,531.40	8/15/2023	N/A	59,531.40				
	AIG Sun America	727,796.33	N/A	N/A					727,796.33
	Pacific Life Variable	86,386.98	N/A	N/A					86,386.98
	Pacific Life Fixed	106,665.81	N/A	N/A					106,665.81
	John Hancock Fixed	127,069.02	3/03/2020	N/A					127,069.02
	Security Benefit Choice Fixed	71,727.34	N/A	N/A					71,727.34
	AIG Sun America - Variable	929,383.49	N/A	N/A					929,383.49
	Protective Fixed	354,166.13	11/17/2023	N/A					354,166.13
	Protective Fixed	151,167.76	12/08/2023	N/A					151,167.76
	MetLife Fixed	125,782.99	12/15/2014	N/A					125,782.99
	MetLife Fixed	133,837.36	N/A	N/A					133,837.36
	MetLife Variable	1,182,581.61	N/A	N/A					1,182,581.61
Subtotal		\$ 6,172,430.28			\$ 1,170,712.91	\$ -	\$ 727,977.75	\$ 277,174.80	\$ 3,996,564.82

GRAY HUNTER STENN LLP

GRAY HUNTER STENN LLP

Investment	Fair Value	Maturity Date	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Year End			
					AAA	AA	A	Not Rated
Investment Company of America	\$ 243,438.56	N/A	N/A	\$	\$	\$	\$	\$ 243,438.56
Mainstay Funds	98,761.43	N/A	N/A					98,761.43
Franklin Strategic Income Fund	14,561.15	N/A	N/A					14,561.15
Apache Corp.	7,678.00	1/15/2023	Baa3					7,678.00
Astrazeneca	11,471.00	9/15/2017	Baa3					11,471.00
Berkshire Hathaway	8,108.40	5/15/2017	Baa3			8,108.40		
BP Capital Mkts Plc	8,243.12	3/10/2015	Baa3					8,243.12
Caterpillar Financ	7,385.46	2/15/2019	Baa3					7,385.46
Citi Group Inc.	7,929.18	8/9/2020	Baa3			7,929.18		
Comcast Corp.	8,154.58	11/15/2017	Baa3					8,154.58
CVS Carmark Corp.	7,922.95	6/1/2017	Baa3			7,922.95		
DirectTV Hldg.	8,364.88	3/1/2016	Baa3			8,364.88		
Enterprise Prod.	7,931.98	9/1/2020	Baa3			7,931.98		
Excelon Corp.	7,308.91	6/15/2015	Baa3			7,308.91		
General Elect Corp.	15,883.98	9/15/2017	Baa3					15,883.98
Glaxomithkline	11,510.00	5/15/2018	Baa3					11,510.00
Goldman Sachs	7,854.98	3/15/2020	Baa3			7,854.98		
Hewlett-Packard	8,267.76	9/15/2017	Baa3			8,267.76		
John Deere Capital	12,083.76	4/17/2019	Baa3					12,083.76
JP Morgan Chase	15,525.00	3/1/2015	Baa3					15,525.00
JPMorgan Chase	8,114.72	2/1/2024	Baa3					8,114.72
Kinder Morgan	8,010.40	3/1/2021	Baa3			8,010.40		
Kraft Food Grp.	8,130.96	6/6/2022	Baa3			8,130.96		
Morgan Stanley	7,636.09	3/22/2017	Baa3			7,636.09		
Novartis Capital	8,076.08	5/6/2024	Baa3			8,076.08		
Pfizer Inc.	11,798.50	3/15/2019	Baa3					11,798.50
Philips Electronics	8,299.12	3/15/2022	Baa3					8,299.12
Time Warner, Inc.	7,795.62	3/15/2020	Baa3			7,795.62		
Toyota Motor	7,996.40	10/5/2017	Baa3			7,996.40		
United Parcel Svc.	11,373.90	1/15/2018	Baa3			11,373.90		
USD Can Natural	11,229.20	5/15/2017	Baa3					11,229.20
USD Shell Intl Fin.	8,042.24	8/10/2018	Baa3					8,042.24
Verizon Comm.	7,716.38	9/125/2023	Baa3			7,716.38		
Wachovia Corp.	7,952.77	6/15/2017	Baa3					7,952.77
Wal-Mart Stores	11,792.28	4/11/2018	Baa3			11,792.28		
GNMA Pool #370862	425.94	10/15/2023	N/A	425.94				
GNMA Pool #1924M	365.45	12/20/2024	N/A	365.45				
FHLMC	4,047.21	4/1/2019	N/A	4,047.21				
FHLMC	5,230.03	2/1/2029	N/A	5,230.03				
FHLMC	168,371.88	9/1/2028	N/A	168,371.88				
FHLMC	37,164.86	10/1/2028	N/A	37,164.86				
FHLMC	67,242.92	2/1/2020	N/A	67,242.92				
FHLMC	137,980.31	1/1/2029	N/A	137,980.31				
FHLMC	263,817.88	3/27/2019	N/A	263,817.88				
FNMA	240,020.94	5/1/2018	N/A	240,020.94				
FNMA	56,980.45	9/1/2025	N/A	56,980.45				
Williamson County, Illinois	91,250.05	12/01/2021	N/A				91,250.05	
<b>Subtotal</b>	<b>\$ 1,725,247.66</b>			<b>\$ 981,647.87</b>	<b>\$ -</b>	<b>\$ 142,217.15</b>	<b>\$ 225,350.06</b>	<b>\$ 376,032.58</b>

GRAY HUNTER STENN LLP

Investment	Fair Value	Maturity Date	Minimum Legal Rating	Exempt from Disclosure	Ratings as of Year End			
					AAA	AA	A	Not Rated
U. S. Treasury Note	\$ 501,044.44	8/31/2015	N/A	\$ 501,044.44				
U. S. Treasury Note	1,164,264.81	2/15/2020	N/A	1,164,264.81				
U. S. Treasury Note	621,730.00	2/15/2015	N/A	621,730.00				
Security Benefit Choice Fixed	113,318.14	N/A	N/A					113,318.14
Pacific Life Variable	58,325.17	N/A	N/A					58,325.17
AIG Sun America - Variable	129,609.54	N/A	N/A					129,609.54
Pacific Life Fixed	12.75	N/A	N/A					12.75
MetLife Fixed	484,675.24	12/10/2015	N/A					484,675.24
MetLife Variable	1,244,104.31	N/A	N/A					1,244,104.31
Pacific Life - Destinations	569,841.57	N/A	N/A					569,841.57
Government Security Fund	42,657.22	N/A	N/A					42,657.22
Agilent Tech	44,738.85	11/1/2014	Baa3			44,738.85		
American Express	85,181.90	3/15/2018	Baa3		85,181.90			
Americredit	46,024.38	10/10/2017	Baa3		46,024.38			
Anadarko Petro	49,038.00	1/22/2017	Baa3			49,038.00		
Bear Stearns Co.	42,159.10	9/15/2016	Baa3			42,159.10		
Chase Issuance	88,971.52	5/15/2017	Baa3		88,971.52			
Citigroup, Inc.	41,940.60	2/15/2017	Baa3			41,940.60		
DirectTV Holdings	46,176.30	3/15/2017	Baa3			46,176.30		
Discover Card	81,295.65	8/15/2017	Baa3		81,295.65			
Discover Card	7,032.34	11/15/2017	Baa3		7,032.34			
Dollar General	44,877.42	7/15/2017	Baa3			44,877.42		
Honda Auto	42,051.24	2/16/2017	Baa3		42,051.24			
NBC Universal	44,760.42	4/1/2016	Baa3				44,760.42	
Sandtander Drive	38,107.36	12/15/2016	Baa3		38,107.36			
Sandtander Drive	2,011.92	12/15/2017	Baa3		2,011.92			
Verizon Communications	42,432.95	9/15/2016	Baa3			42,432.95		
Western Union Co.	44,097.79	12/10/2017	Baa3			44,097.79		
<b>Sub-Total</b>	<b>\$ 5,720,480.93</b>			<b>\$ 2,287,039.25</b>	<b>\$ 390,676.31</b>	<b>\$ 355,461.01</b>	<b>\$ 44,760.42</b>	<b>\$ 2,642,543.94</b>
<b>General Fund Types</b>								
General Fund	Lemont Park District	12/01/2014	N/A	\$ -	\$ -	\$ -	\$ -	\$ 565,000.00
<b>Sub-Total</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 565,000.00</b>
<b>Total Investments</b>	<b>\$14,183,158.87</b>							

Reconciliation

A reconciliation of cash and investments as shown on the statement of net position and statement of fiduciary net position follows:

Petty Cash	\$ 5,120.15
Carrying Amount of Deposits	32,908,735.86
Carrying Amount of Investments	<u>16,957,128.59</u>
	<u>\$ 49,870,984.60</u>
Cash and Cash Equivalents	\$ 28,885,002.72
Investments	<u>20,985,981.88</u>
	<u>\$ 49,870,984.60</u>

**Note 4. Defined Benefit Pension Plans**

Illinois Municipal Retirement Fund -

*Plan Description.* The City's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The City's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, the City's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires the City to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City's annual required contribution rate for calendar year 2013 was 11.83 percent. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

*Annual Pension Cost.* The required contribution for calendar year 2013 was \$589,125.

Three-Year Trend Information for the Regular Plan

Calendar Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	\$ 589,125	1000%	\$ 0
12/31/12	535,730	100%	0
12/31/11	460,163	100%	0

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City's Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payroll on an open 30 year basis.

*Funded Status and Funding Progress.* As of December 31, 2013, the most recent actuarial valuation date, the Regular plan was 79.87 percent funded. The actuarial accrued liability for benefits was \$12,682,720 and the actuarial value of assets was \$10,130,269, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,552,451. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$4,979,928 and the ratio of the UAAL to the covered payroll was 51 percent.

The schedule of funding progress, presented as RSI below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/13	10,130,269	12,682,720	2,552,451	79.87%	4,979,928	51.25%
12/31/12	8,251,875	11,272,262	3,020,387	73.21%	4,460,701	67.71%
12/31/11	8,809,000	11,524,091	2,715,091	76.44%	4,190,919	64.79%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$12,195,478. On a market basis, the funded ratio would be 96.16%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with City of Marion. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**Fire Pension Fund -**

**A. Plan Description**

Fire-sworn personnel are covered by the Fire Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated

by Illinois Compiled Statutes (40 ILCS 5/4-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2014, the Fire Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	13
Terminated Employees Entitled to Benefits But Not Yet Receiving Them	-
Current Employees	
Vested	15
Nonvested	<u>10</u>
<b>Total</b>	<b><u>38</u></b>

The Fire Pension Plan provides retirement benefits as well as death and disability benefits. The Fire Pension Plan now has a two Tier coverage. Tier 1 coverage is for Firefighters employed prior to January 1, 2011. Tier 2 coverage is for Firefighters employed after December 31, 2010. Tier 1 employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly benefit of ½ the monthly salary attached to the rank held in the fire service at the date of retirement. Tier 2 employees must attain the age of 55 or more with 10 years of creditable service to receive a monthly benefit computed by multiplying 2.50% for each year of service completed by the final average salary (as defined in the statutes). Tier 1 employees with at least 10 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Tier 2 employees attaining the age 50 with 10 or more years of creditable service may retire with a reduced benefit. The maximum pension under Tier 1 or Tier 2 is 75% of the computed salary. The monthly benefit of Tier 1 employees who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of 55 years by 3% of the original pension and 3% compounded annually thereafter. The monthly benefit of Tier 2 employees shall be increased on January 1<sup>st</sup> occurring either on or after the attainment of age 60. Each annual increase shall be the lesser of ½ of the Consumer Price Index-Urban or 3% of the original pension.

Covered employees are required to contribute 9.455% of their base salary to the Fire Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 2011, the City has until the year 2040 to fund the plan in an amount sufficient to bring the total assets of the fire pension fund up to 90% of the total actuarial liabilities. For the year ended April 30, 2014, the City's contribution was 30.19% of covered payroll.

**B. Significant Investments**

Significant investments (other than U. S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets are as follows:

Pacific Life	\$ 569,841.57
MetLife	793,136.11
MetLife	<u>450,968.20</u>
	<b><u>\$1,813,945.88</u></b>

**C. Annual Pension Costs**

Employer contributions have been determined as follows:

	<u>Fire Pension Fund</u>
Actuarial Valuation Date	May 1, 2013
Actuarial Cost Method	Entry-age Normal Cost
Actuarial Value of Assets	5-year smoothed market
Amortization Method	Level Percentage of Payroll Closed
Remaining Amortization Period	19 Years, 0 Months
Actuarial Assumptions	
a) Investment Rate of Return	7.00% per year
b) Projected Salary Increases	TCG Basic Salary Table providing graded increases from 1.12% to 4.86% varying by age, plus the inflation
c) Payroll Growth	3.50% per year
d) Inflation Rate	2.50% per year
e) Cost of Living Increases	3.00% per year
f) Assumed Mortality	RP-2000 Combined Healthy Mortality Table (Male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the Annual Required Contribution (ARC) and the contributions actually made.

	<u>Fire Pension</u>
Annual Pension Costs (APC)	
For the year ended April 30, 2012	\$ 394,868
For the year ended April 30, 2013	\$ 421,503
For the year ended April 30, 2014	\$ 463,425
Actual Contribution	
For the year ended April 30, 2012	\$ 384,670
For the year ended April 30, 2013	\$ 387,400
For the year ended April 30, 2014	\$ 421,500

Percentage of ARC Contributed	
For the year ended April 30, 2012	97%
For the year ended April 30, 2013	92%
For the year ended April 30, 2014	91%

NPO (Asset)	
For the year ended April 30, 2012	\$ (206,824)
For the year ended April 30, 2013	\$ (171,980)
For the year ended April 30, 2014	\$ (130,055)

The NPO at April 30, 2014 has been calculated as follows:

	<u>Fire Pension</u>
Annual Required Contribution	\$ 462,920
Interest on Net Pension Obligation	(12,039)
Adjustment to Annual Required Contribution	<u>12,544</u>
Annual Pension Cost	\$ 463,425
Contributions Made	<u>421,500</u>
Increase (Decrease) in Net Pension Obligation	\$ 41,925
Net Pension Obligation (Asset) Beginning of Year	<u>(171,980)</u>
Net Pension Obligation (Asset) End of Year	<u><u>\$(130,055)</u></u>

A separate report on the fire pension fund may be obtained at the City Clerk's office located in city hall.

Police Pension Fund -

A. Plan Description

Police-sworn personnel are covered by the Police Pension Plan which is a defined benefit single-employer pension plan. Although this is a single-employer pension plan, the defined benefits and the employee and employer contribution levels are governed by Illinois Compiled Statutes (40 ILCS 5/3-1) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. At April 30, 2014, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently	
Receiving Benefits	21
Terminated Employees Entitled to	
Benefits But Not Yet Receiving Them	-
Current Employees	
Vested	16
Nonvested	<u>13</u>
<u>Total</u>	<u>50</u>

The Police Pension Plan provides retirement benefits as well as death and disability benefits. The Police Pension Plan now has a two Tier coverage. Tier 1 coverage is for policemen employed prior to January 1, 2011. Tier 2 coverage is for policemen employed after December 31, 2010. Tier 1 employees attaining the age of 50 or more with 20 years of creditable service are entitled to receive a monthly benefit of ½ the monthly salary attached to the rank held in the fire service at the date of retirement. Tier 2 employees must attain the age of 55 or more with 10 years of creditable service to receive a monthly benefit computed by multiplying 2.50% for each year of service completed by the final average salary (as defined in the statutes). Tier 1 employees with at least 8 years but less than 20 years of creditable service may retire at or after age 60 and receive a reduced benefit. Tier 2 employees attaining the age 50 with 10 or more years of creditable service may retire with a reduced benefit. The maximum pension under Tier 1 or Tier 2 is 75% of the computed salary. The monthly benefit of Tier 1 employees who retired with 20 or more years of service after January 1, 1977 shall be increased annually following the first anniversary date of retirement and be paid upon reaching the age of 55 years by 3% of the original pension and 3% compounded annually thereafter. The monthly benefit of Tier 2 employees shall be increased on January 1<sup>st</sup> occurring either on or after the attainment of age 60. Each annual increase shall be the lesser of ½ of the Consumer Price Index-Urban or 3% of the original pension.

Employees are required by ILCS to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. Effective July 1, 2011, the City has until the year 2040 to fund the plan in an amount sufficient to bring the total assets of the police pension fund up to 90% of the total actuarial liabilities. For the year ended April 30, 2014, the City's contribution was 34.07% of covered payroll.

**B. Significant Investments**

Significant investments (other than U. S. Government guaranteed obligations) in any one organization that represent 5.00% or more of plan net assets are as follows:

MetLife	\$ 1,182,581.61
AIG Sun America	929,383.49
AIG Sun America	<u>727,796.33</u>
	<u>\$2,839,761.43</u>

**C. Annual Pension Costs**

Employer contributions have been determined as follows:

	<u>Police Pension</u>
Valuation Date	May 1, 2013
Actuarial Cost Method	Entry-age Normal Cost
Actuarial Value of Assets	5 year smoothed market
Amortization Method	Level Percentage of Payroll Closed
Remaining Amortization Period	19 Years, 0 Months

**Actuarial Assumptions:**

a) Investment Rate of Return	7.00% per year
b) Projected Salary Increases	TCG Basic Salary Table providing graded increases from 1.12% to 4.86% varying by age, plus the inflation
c) Payroll Growth	4.00% per year
d) Inflation Rate	2.50% per year
e) Cost of Living Increases	3.00% per year
f) Assumed Mortality	RP-2000 Combined Healthy, Mortality Table (Male) with blue collar adjustment and with a 200% load for participants under age 50 and 125% for participants age 50 and over.

Employer annual pension costs (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the Annual Required Contribution (ARC) and the contributions actually made.

	<u>Police Pension</u>
<b>Annual Pension Costs (APC)</b>	
For the year ended April 30, 2012	\$ 554,610
For the year ended April 30, 2013	\$ 592,088
For the year ended April 30, 2014	\$ 674,138
<b>Actual Contribution</b>	
For the year ended April 30, 2012	\$ 569,900
For the year ended April 30, 2013	\$ 569,900
For the year ended April 30, 2014	\$ 592,000
<b>Percentage of ARC Contributed</b>	
For the year ended April 30, 2012	103%
For the year ended April 30, 2013	96%
For the year ended April 30, 2014	88%
<b>NPO (Asset)</b>	
For the year ended April 30, 2012	\$(236,184)
For the year ended April 30, 2013	\$(213,153)
For the year ended April 30, 2014	\$(131,015)

The NPO at April 30, 2014 has been calculated as follows:

	<u>Police Pension</u>
Annual Required Contribution	\$ 672,831
Interest on Net Pension Obligation	(14,921)
Adjustment to Annual Required Contribution	<u>16,228</u>
Annual Pension Cost	\$ 674,138
Contributions Made	<u>592,000</u>
Increase (Decrease) in Net Pension Obligation	\$ 82,138
Net Pension Obligation (Asset) Beginning of Year	<u>(213,153)</u>
Net Pension Obligation (Asset) End of Year	<u>\$(131,015)</u>

A separate report of the police pension fund may be obtained at the City Clerk's office located in city hall.

For the Police and Firemen's Pension Funds, the City fully funds the actuarially determined employer contributions through property tax monies. These contributions lag behind the actuarially required contributions by two years due to the time necessary to complete the tax levy cycle.

**Note 5. Other Post Employment Benefits**

**Annual OPEB COST**

The Annual OPEB Cost has these three components:

- 1) The Annual Required Contribution Amount (sum of a, b, and c).
  - a) Normal Cost - the portion of the Actuarial Present Value of benefits allocated to the valuation year according to the actuarial cost method.
  - b) Amortization of the Unfunded Actuarial Accrued Liability - the amount to be amortized over thirty years, of the excess of the Actuarial Accrued Liability over the fair value of assets, both measured at the valuation date.
  - c) Amortization of Gains or Losses - the unfunded actuarial accrued liability which may be amortized separately or as part of the annual amortization of the unfunded actuarial accrued liability.
- 2) The ARC Adjustment Amount, an amount which is added/subtracted from the ARC to adjust the annual cost for amounts already accrued and reflected in the beginning of year Net OPEB Obligation.
- 3) Interest at the valuation discount rate on the beginning of year Net OPEB Obligation.

## Net OPEB Obligation

The Net OPEB Obligation is accrued on the financial statement as the amount of accumulated OPEB costs which remain unfunded as of the reporting date. For the first reporting period, the OPEB Cost is the ARC. For subsequent years, the year end Net OPEB liability is the OPEB Cost less employer contributions. Exhibits on the following pages illustrate.

- Exhibit 1**      Components of Net Annual Obligation and Expense
- Exhibit 2**      Schedule of Contributions, OPEB Costs and Obligations
- Exhibit 3**      Schedule of Funded Status and Funding Progress
- Exhibit 4**      Required Supplementary Information

## Plan Description

The City of Marion provides the continuation of health care benefits to employees, who retire from the City. Employees who terminate after reaching retirement eligibility in the plan are eligible to elect to continue their health care coverage by paying the monthly premium rate. Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the City and is the basis for the OPEB obligation accounted for under GASB 45.

## Funding Policy

The City's retiree health plan is a single employer plan which operates on a pay as you go funding basis. No assets are accumulated or dedicated to funding the retiree health plan benefits.

## Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution. The ARC (Annual Required Contribution) represents the normal cost each year and an amount to amortize the unfunded actuarial liabilities over thirty years.

## Exhibit 1 - Components of Net OPEB Obligation and Expense

The following table shows the annual OPEB costs for the year, the amount contributed to the plan and changes in the net OPEB obligation. The *Net OPEB Obligation* is the amount entered as of year end as the net liability for the other post employment benefits.

Components of Net OPEB Obligation and Expense

Item	Amount as of 4/30/2014					
	General Fund	Water	Sewer	Police	Fire	Total
a. Annual Required Contribution	\$ 459,718	\$ 134,341	\$ 159,782	\$ 679,292	\$ 313,408	\$ 1,746,541
b. Interest on OPEB obligation	76,039	20,852	20,513	79,839	45,094	242,337
c. Adjustment to ARC	<u>(94,217)</u>	<u>(25,837)</u>	<u>(25,417)</u>	<u>(98,927)</u>	<u>(55,875)</u>	<u>(300,273)</u>
d. Annual OPEB cost (a+b+c)	\$ 441,540	\$ 129,356	\$ 154,878	\$ 660,204	\$ 302,627	\$ 1,688,605
e. Contributions made	<u>(139,882)</u>	<u>(57,827)</u>	<u>(81,965)</u>	<u>(260,808)</u>	<u>(116,354)</u>	<u>(656,836)</u>
f. Increase in net OPEB obligation	\$ 301,658	\$ 71,529	\$ 72,913	\$ 399,396	\$ 186,273	\$ 1,031,769
g. Net OPEB obligation - beginning of year	<u>1,520,770</u>	<u>417,037</u>	<u>410,255</u>	<u>1,596,788</u>	<u>901,875</u>	<u>4,846,725</u>
h. Net OPEB obligation - end of year (f+g)	<u>\$1,822,428</u>	<u>\$ 488,566</u>	<u>\$ 483,168</u>	<u>\$1,996,184</u>	<u>\$1,088,148</u>	<u>\$ 5,878,494</u>

Schedule of Contributions, OPEB Costs and Net Obligations

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
4/30/09	\$ 1,113,075	22.3%	\$ 864,530
4/30/10	1,102,740	24.6%	1,696,356
4/30/11	1,563,599	32.5%	2,751,169
4/30/12	1,550,990	35.8%	3,747,582
4/30/13	1,701,744	35.4%	4,846,725
4/30/14	1,688,605	38.9%	5,878,494

Schedule of Funded Status and Funding Progress

	<u>General Fund</u>	<u>Water</u>	<u>Sewer</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
1. Actuarial Accrued Liability (AAL)	\$4,912,165	\$1,731,410	\$2,122,656	\$8,007,561	\$3,869,584	\$20,643,376
2. Actuarial Value of Assets	0	0	0	0	0	0
3. Unfunded Actuarial Accrued Liability (UAAL)	\$4,912,165	\$1,731,410	\$2,122,656	\$8,007,561	\$3,869,584	\$20,643,376
4. Funded Ratio (2) / (1)	0%	0%	0%	0%	0%	0%
5. Covered Payroll (Active Plan Members)	\$2,688,266	\$ 625,183	\$ 676,657	\$2,081,090	\$1,430,359	\$ 7,501,555
6. UAAL as a Percentage of Covered Payroll (3) / (5)	182.7%	276.9%	313.7%	384.8%	270.5%	275.2%

Required Supplementary Information

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>
4/30/09	\$ 0	\$ 11,569,101	\$11,569,101	0%	\$5,621,763
4/30/10	\$ 0	\$ 12,292,784	\$12,292,784	0%	\$5,818,525
4/30/11	\$ 0	\$ 17,714,262	\$17,714,262	0%	\$5,735,974
4/30/12	\$ 0	\$ 18,556,130	\$18,556,130	0%	\$5,936,733
4/30/13	\$ 0	\$ 19,763,816	\$19,763,816	0%	\$7,247,879
4/30/14	\$ 0	\$ 20,643,376	\$20,643,376	0%	\$7,501,555

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD**

**Actuarial Cost Method**

The Actuarial Cost Method used in this valuation is the Entry Age Normal Actuarial Cost Method. Under this Method, a Normal Cost is developed by spreading the actuarial value of benefits expected to be received by each active participant over the total working lifetime of that participant, from hire to termination, as a level percentage of pay.

To the extent that current assets and future Normal Costs do not support participants' expected future benefits, an Unfunded Actuarial Accrued Liability ("UAAL") develops. The UAAL is generally amortized over a defined period of time.

Discount (Interest) Rate: A 5% discount rate was used.

Salary Progression: 3.5% per year

**Medical**

The following monthly costs for medical benefits were used for all plans:

Not eligible for Medicare: \$598.05

Eligible for Medicare: \$440.00

The medical cost rates are distributed for age and sex at retirement.

**Dental**

Monthly per member dental cost: \$28.28.

**Vision**

Monthly per member vision cost: \$7.48.

**Mortality**

The probabilities of death according to the 1994 Group Annuity Mortality Table for Males and Females.

**Retirement –**

Representative retirement rates by age are:

<u>Age</u>	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>	<u>Age</u>	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>
50	0.12	0.05	N/A	60	0.25	0.20	0.10
51	0.12	0.03	N/A	61	0.25	0.25	0.10
52	0.12	0.03	N/A	62	0.40	0.40	0.15
53	0.12	0.03	N/A	63	1.00	1.00	0.25
54	0.16	0.03	N/A	64	1.00	1.00	0.20
55	0.16	0.08	0.05	65	1.00	1.00	0.40
56	0.16	0.08	0.05	66	1.00	1.00	0.25
57	0.16	0.08	0.05	67	1.00	1.00	0.30
58	0.16	0.08	0.05	68	1.00	1.00	0.30
59	0.16	0.12	0.05	69	1.00	1.00	.30

**Withdrawal –**

Representative withdrawal rates by age are:

<u>Age</u>	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>
20	0.0450	0.0450	0.3000
30	0.0190	0.0190	0.0500
40	0.0060	0.0060	0.0300
50	0.0005	0.0005	0.0100
60	0.0005	0.0005	0.0001

**Disability –**

Sample rates by age are as follows:

<u>Age</u>	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>
25	0.0013	0.0009	0.001
35	0.0044	0.0046	0.002
45	0.0108	0.0097	0.002
55	0.0159	0.0314	0.002
65	0.0159	0.0314	0.002

**Participation**

90% of employees were assumed to participate in the plan for all employee groups.  
65% of employees are assumed to have spouses. Females were assumed to be 3 years younger.

**Health Care Cost Inflation Rates**

<u>Period</u>	<u>Rates</u>
2013	9.0%
2014	8.0%
2015	7.0%
2016	6.0%
2017	5.0%
2018 and after	4.5%

Participant Data –

Summary as of April 30, 2013

	<u>General Fund</u>	<u>Water*</u>	<u>Sewer*</u>	<u>Police</u>	<u>Fire</u>	<u>Total</u>
Active Participants	61	12.5	13.5	39	25	151
Retired Participants	<u>15</u>	<u>5.5</u>	<u>6.5</u>	<u>20</u>	<u>9</u>	<u>56</u>
Total	76	18	20	59	34	207

\*Water office is split 50/50 between the sewer fund and water fund.

**Note 6. Allowance for Uncollectible Amounts**

The allowance for doubtful accounts is analyzed as follows for the business improvement fund:

Balance at April 30, 2013	\$ 60,000.00
<u>Add</u> - Bad debt expense	-
- Recoveries	-
<u>Less</u> - Charge-offs	-
Balance at April 30, 2014	<u>\$ 60,000.00</u>

The allowance for doubtful accounts was 4.21% of loans receivable at April 30, 2014.

**Note 7. Donated Investments**

During a prior year the City received a special bequest in the amount of \$1,000.00 from the Estate of Edna V. Throgmorton. This amount is to be kept intact and invested in interest bearing securities. The income derived is to be used for the upkeep of the Barnett and Throgmorton grave lots in the Rose Hill Cemetery.

**Note 8. Components of Restricted Assets**

Governmental Funds  
General Fund Types

	<u>General</u>	<u>Senior Citizens Council</u>	<u>Marion Carnegie Library</u>	<u>Boyton Street Community Center</u>	<u>Cultural and Civic Center</u>
Cash	\$186,582.36	\$ -	\$ 3,294.94	\$ 1,566.96	\$ 1.07
Certificates of deposit	-	<u>12,583.28</u>	<u>56,605.13</u>	-	-
<b>Total</b>	<u>\$186,582.36</u>	<u>\$ 12,583.28</u>	<u>\$ 59,900.07</u>	<u>\$ 1,566.96</u>	<u>\$ 1.07</u>

Restricted assets of the General Fund represent restricted donations and grant monies, all of which are restricted as to the type of expenditures allowed.

Restricted assets of the Library and Senior Citizens Council represent donations received in which the principal and sometimes the earnings of these assets are restricted as to the type of expenditures allowed.

Restricted assets of the Cultural and Civic Center represent donations received to be used for the purchase of items needed by the Cultural and Civic Center.

Restricted assets of the Boyton Street Community Center Fund represent a scholarship fund in which these assets are restricted as to the type of expenditures allowed.

Debt Service Fund Types

	<u>Debt Service for Various Projects</u>	<u>SSA Debt Service</u>	<u>2006 Refunding Bonds</u>	<u>2005 Refunding Bonds</u>	<u>TIF Debt Service</u>
Cash and Illinois Funds	<u>\$ 507,538.61</u>	<u>\$ 399,028.82</u>	<u>\$ 607,774.88</u>	<u>\$ 102,942.73</u>	<u>\$ 97,032.64</u>

Restricted assets of the above various debt service funds are for debt service expenditures.

Enterprise Funds

	<u>Water Department</u>	<u>Sewer Department</u>
Cash and Illinois funds	<u>\$ 342,373.22</u>	<u>\$ 1,299,715.13</u>

Restricted assets of the Water and Sewer Departments are for debt service and restricted bond proceed expenditures, and capital improvements.

**Note 9. Capital Assets**

The following is a summary of changes in the capital assets for the fiscal year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 24,045,838.03	\$ 437,163.86	\$ 50,000.00	\$ 24,433,001.89
Construction in progress	<u>5,115,792.42</u>	<u>9,763,193.69</u>	<u>384,197.61</u>	<u>14,494,788.50</u>
<u>Total Capital Assets Not Being Depreciated</u>	<u>\$ 29,161,630.45</u>	<u>\$ 10,200,357.55</u>	<u>\$ 434,197.61</u>	<u>\$ 38,927,790.39</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
Capital assets being depreciated:				
Land improvements	\$ 246,117.32	\$ -	\$ -	\$ 246,117.32
Parking lot improvements	92,475.73	-	-	92,475.73
Office equipment	318,191.37	-	-	318,191.37
Fixed mechanical equipment	1,037,484.42	258,894.61	107,050.00	1,189,329.03
Major movable equipment	1,631,469.43	676,323.99	100,642.00	2,207,151.42
Vehicles	3,593,132.03	395,238.70	106,798.00	3,881,572.73
Railroad improvements	610,952.83	-	-	610,952.83
IL Centre Mall	19,157,896.55	-	-	19,157,896.55
Buildings	19,498,099.25	99,041.96	9,286.00	19,587,855.21
Streets	21,224,710.51	121,947.70	-	21,346,658.21
Bridges	946,385.55	-	-	946,385.55
Storm sewers	2,314,552.45	-	-	2,314,552.45
Sidewalks	646,090.67	250,747.26	-	896,837.93
Flood control projects	4,787,486.06	-	-	4,787,486.06
Street lights	217,915.80	-	-	217,915.80
Software	85,868.00	-	-	85,868.00
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 76,408,827.97</b>	<b>\$ 1,802,194.22</b>	<b>\$ 323,776.00</b>	<b>\$ 77,887,246.19</b>
<b><u>Governmental Activities</u></b>				
Less accumulated depreciation for:				
Land improvements	\$ 93,918.43	\$ 11,691.67	\$ -	\$ 105,610.10
Parking lot improvements	78,994.73	2,041.00	-	81,035.73
Office equipment	195,204.32	30,988.21	-	226,192.53
Fixed mechanical equipment	492,311.31	71,112.26	(53,078.96)	510,344.61
Major movable equipment	938,633.46	185,648.17	(93,282.70)	1,030,998.93
Vehicles	2,484,879.60	292,959.70	(91,402.65)	2,686,436.65
Railroad improvements	352,570.68	15,273.82	-	367,844.50
IL Centre Mall	18,486,179.88	196,600.00	-	18,682,779.88
Buildings	4,770,462.94	467,053.07	(8,460.62)	5,229,055.39
Streets	7,653,149.43	695,737.46	-	8,348,886.89
Bridges	358,937.02	23,659.64	-	382,596.66
Storm sewers	505,173.73	59,584.92	-	564,758.65
Sidewalks	45,159.24	22,150.36	-	67,309.60
Flood control projects	1,321,579.15	95,749.72	-	1,417,328.87
Street lights	43,214.69	10,895.80	-	54,110.49
Software	45,410.44	11,801.90	-	57,212.34
<b>Total Accumulated Depreciation</b>	<b>\$ 37,865,779.05</b>	<b>\$ 2,192,947.70</b>	<b>\$ (246,224.93)</b>	<b>\$ 39,812,501.82</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 38,543,048.92</b>	<b>\$ (390,753.48)</b>	<b>\$ 77,551.07</b>	<b>\$ 38,074,744.37</b>
<b><u>Governmental Activities Capital Assets, Net</u></b>	<b>\$ 67,704,679.37</b>	<b>\$ 9,809,604.07</b>	<b>\$ 511,748.68</b>	<b>\$ 77,002,534.76</b>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 82,534.79
Public health and safety	300,157.75
Streets, alleys and cemeteries	237,784.91
Cultural and recreation	455,717.23
Unallocated	<u>1,116,753.02</u>
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 2,192,947.70</b>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 3,486,877.45	\$ -	\$ -	\$ 3,486,877.45
Construction in progress	<u>196,338.98</u>	<u>591,730.48</u>	<u>573,717.93</u>	<u>214,351.53</u>
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 3,683,216.43</b>	<b>\$ 591,730.48</b>	<b>\$ 573,717.93</b>	<b>\$ 3,701,228.98</b>
Capital assets being depreciated:				
Land improvements	\$ 33,325.00	\$ -	\$ -	\$ 33,325.00
Structures	2,880,125.84	36,601.00	-	2,916,726.84
Buildings	23,609,948.90	-	-	23,609,948.90
Fixed equipment	5,823,488.80	46,138.41	-	5,869,627.21
Equipment and machinery	1,324,333.12	128,299.04	-	1,452,632.16
Trucks and tractors	773,049.91	153,618.14	43,077.36	883,590.69
Transmission and distribution systems	8,337,842.78	531,246.02	-	8,869,088.80
Pumping and lift stations	<u>1,185,743.97</u>	<u>-</u>	<u>-</u>	<u>1,185,743.97</u>
<b>Total Capital Assets Being Depreciated</b>	<b>\$ 43,967,858.32</b>	<b>\$ 895,902.61</b>	<b>\$ 43,077.36</b>	<b>\$ 44,820,683.57</b>
Less accumulated depreciation for:				
Land improvements	\$ 6,461.61	\$ 1,666.25	\$ -	\$ 8,127.86
Structures	600,996.40	53,015.07	-	654,011.47
Buildings	10,524,830.90	583,757.39	-	11,108,588.29
Fixed equipment	1,992,441.97	152,274.68	-	2,144,716.65
Equipment and machinery	988,297.08	69,612.75	-	1,057,909.83
Trucks and tractors	648,956.30	50,493.32	(43,077.36)	656,372.26
Transmission and distribution systems	2,946,614.98	160,038.13	-	3,106,653.11
Pumping and lift stations	<u>519,304.94</u>	<u>41,179.38</u>	<u>-</u>	<u>560,484.32</u>
<b>Total Accumulated Depreciation</b>	<b>\$ 18,227,904.18</b>	<b>\$ 1,112,036.97</b>	<b>\$ (43,077.36)</b>	<b>\$ 19,296,863.79</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>\$ 25,739,954.14</b>	<b>\$ (216,134.36)</b>	<b>\$ -</b>	<b>\$ 25,523,819.78</b>
<b>Business-Type Activities Capital Assets, Net</b>	<b>\$ 29,423,170.57</b>	<b>\$ 375,596.12</b>	<b>\$ 573,717.93</b>	<b>\$ 29,225,048.76</b>
Business-Type activities:				
Water			\$ 394,710.72	
Sewer			<u>717,326.25</u>	
<b>Total Business-Type Activities Depreciation Expense</b>			<b>\$ 1,112,036.97</b>	

**Note 10. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Individual fund interfund receivable and payable balances at April 30, 2014 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 325,953.84
Gas Tax Fund	41,946.90	-
General Projects Fund	575.00	-
Water Department	2,358.02	-
2005 Refunding Bonds	150,000.00	-
Sewer Department	-	394.90
Foreign Fire Insurance	-	970.00
Pension Trust Funds	-	3,204.22

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Pavilion Fund	\$ 154.43	\$ -
Recreation Department	139,983.05	-
Goddard Chapel Restoration	55.00	-
Boyton Street Community Center	-	154.43
Recreation Building Fund	-	758.00
Health Reimbursement Fund	-	<u>3,637.01</u>
<b><u>Total</u></b>	<b><u>\$ 335,072.40</u></b>	<b><u>\$ 335,072.40</u></b>

Schedule of operating transfers within the reporting entity:

<u>Transfer out/from</u>	<u>Transfer in/to</u>	<u>Amount</u>
General Fund Types - General Fund	General Fund Types - Recreation Department Senior Citizens Council Cultural and Civic Center Boyton Street Carnegie Library Special Revenue - Road and Bridge Debt Service - 2005 Refunding Bonds 2006 Refunding Bonds Various Projects  Capital Projects - FAI Morgan Avenue General Projects	\$ 2,346.64 402,313.10 357,070.79 214,677.28 826,589.11  100,485.45   458,166.59 1,162,990.00 22,320.00  2,200.00 4,230.68
Special Revenue - Special Revenues - Police	General Fund Types - General Fund	77,100.40
Special Revenue - Road and Bridge	Special Revenue Motor Fuel Tax	1,458.29
Special Revenue - TIF Redevelopment	Debt Service - TIF Debt Service Various Projects General Fund Types - General Fund	120,000.00 429,060.00  2,145.00
General Fund Types - Recreation Building	Debt Service - Various Projects	335,834.00
Enterprise Fund Types - Water Dept. Sewer Dept.	General Fund Types - General Fund	7,560.03 <u>7,560.03</u>
		<b><u>\$4,534,107.39</u></b>

**Note 11. Lease Obligations**

The City is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreements are not reflected in the City's asset or liability accounts.

**Note 12. Changes in Long-Term Debt**

The following is a summary of bond transactions of the City for the fiscal year ended April 30, 2014:

	Bonds Payable May 1, 2013	Bonds Issued	Bond Payments	Bonds Payable April 30, 2014	Portion Bonds Payable April 30, 2014
<b>Governmental Type Activities - Refunding Bonds</b>					
Pavilion Bonds, Series 2011	\$ 1,817,597.21	\$ -	\$ 161,714.05	\$ 1,655,883.16	\$ 168,113.61
GO Bonds, Series 2013	-	9,730,000.00	-	9,730,000.00	1,040,000.00
GO Bonds, Series 2012	9,720,000.00	-	-	9,720,000.00	-
GO Bonds, Series 2005	8,530,000.00	-	275,000.00	8,255,000.00	285,000.00
GO Bonds, Series 2006	3,920,000.00	-	985,000.00	2,935,000.00	1,025,000.00
GO Bonds, Series 2007	1,160,000.00	-	65,000.00	1,095,000.00	65,000.00
GO Bonds, Series 2011A	<u>2,840,000.00</u>	-	<u>285,000.00</u>	<u>2,555,000.00</u>	<u>290,000.00</u>
	<u>\$27,987,597.21</u>	<u>\$ 9,730,000.00</u>	<u>\$ 1,771,714.05</u>	\$35,945,883.16	\$ 2,873,113.61
Add - Premium on bonds				823,977.72	111,545.26
Less - Discount on bonds				<u>(7,800.69)</u>	<u>(463.05)</u>
				<u>\$36,762,060.19</u>	<u>\$ 2,984,195.82</u>
<b>Business-Type Activities - Water Department</b>					
Refunding Bonds, Series 2002	\$ 1,115,000.00	\$ -	\$ 205,000.00	\$ 910,000.00	\$ 215,000.00
GO Bonds, Series 2008	<u>3,065,000.00</u>	-	<u>150,000.00</u>	<u>2,915,000.00</u>	<u>150,000.00</u>
	<u>\$ 4,180,000.00</u>	<u>\$ -</u>	<u>\$ 355,000.00</u>	\$ 3,825,000.00	\$ 365,000.00
Add - Premium on bonds				2,396.71	-
				<u>\$ 3,827,396.71</u>	<u>\$ 365,000.00</u>

General Obligation Bonds payable at April 30, 2014, are comprised of the following individual issues:

**General Obligation -**

\$3,115,000.00 General Obligation Refunding Bonds, Series 2011A, dated May 19, 2011, due in annual principal installments ranging from \$275,000.00 to \$355,000.00 through January 1, 2022; interest rate is variable from 2.25% to 3.80%.

\$ 2,555,000.00

\$2,200,000.00 Refunding Revenue Bonds, Series 2011, dated June 21, 2011, due in monthly installments of \$19,208.26 through October 21, 2022; interest rate is fixed at 3.95%

1,655,883.16

\$9,720,000.00 General Obligation Bonds, Series 2012, dated December 20, 2012, due in annual principal installments ranging from \$420,000.00 to \$1,345,000.00 from November 1, 2012 through November 1, 2032; interest rate is variable from 1.75% to 3.50%

9,720,000.00

<p><b>\$9,730,000.00 General Obligation Bonds, Series 2013, dated December 27, 2013, due in annual principal installments ranging from \$110,000.00 to \$1,335,000.00 from November 1, 2014 through November 1, 2025; interest rate is variable from 2.00% to 3.15%</b></p>	<p><b>\$ 9,730,000.00</b></p>
<p><b>\$10,000,000.00 General Obligation Refunding Bonds, Series 2005, dated September 15, 2005, due in annual principal installments ranging from \$10,000.00 to \$1,470,000.00 through September 15, 2021, interest rate is variable from 2.8% to 5.0%</b></p>	<p><b>8,255,000.00</b></p>
<p><b>\$4,965,000.00 General Obligation Refunding Bonds, Series 2006, dated October 15, 2006, due in annual principal installments ranging from \$20,000.00 to \$1,080,000.00 through September 15, 2016; interest rate is variable from 4.0% to 5.0%</b></p>	<p><b>2,935,000.00</b></p>
<p><b>\$1,385,000.00 General Obligation Bonds, Series 2007, dated October 1, 2007, due in annual principal installments ranging from \$5,000.00 to \$125,000.00 through October 15, 2025; interest rate is variable from 5.00% to 6.30%</b></p>	<p><b><u>1,095,000.00</u></b></p>
<p><b>General Obligation Bonds Payable</b></p>	<p><b>\$35,945,883.16</b></p>
<p><b>Add - Premium on bonds</b></p>	<p><b>823,977.72</b></p>
<p><b>Less - Discount on bonds</b></p>	<p><b><u>(7,800.69)</u></b></p>
	<p><b><u>\$ 36,762,060.19</u></b></p>

As of April 30, 2014, \$1,714,317.68 is available in Debt Service Funds to service General Obligation Bonds.

Enterprise Funds bonds payable at April 30, 2014, are comprised of the following individual issues:

<p><b>General Obligation Bonds -</b></p> <p><b>\$3,545,000.00 Waterworks Refunding Bonds, dated August 15, 2002, due in annual installments ranging from \$215,000.00 to \$285,000.00 through September 1, 2017; interest rate is variable from 2.0% to 4.45%.</b></p>	<p><b>\$ 910,000.00</b></p>
<p><b>\$3,590,000.00, Series 2008, dated February 1, 2009, due in semiannual installments ranging from \$105,000.00 to \$250,000.00 through October 15, 2028; interest is variable from 3.0% to 4.1%</b></p>	<p><b><u>2,915,000.00</u></b></p>

General Obligation Bonds Payable	\$ 3,825,000.00
<u>Add - Premium on bonds</u>	<u>2,396.71</u>
Net Enterprise Funds Bonds Payable	<u>\$ 3,827,396.71</u>

The annual requirements to amortize all debt outstanding as of April 30, 2014, including interest payments of \$8,454,415.79 for General Obligation Bonds and \$81,630.63 for the Refunding Bonds are as follows:

Fiscal Year Ending <u>April 30,</u>	<u>General Obligation</u>	<u>Enterprise Funds Refunding</u>	<u>Total</u>
2015	\$ 4,351,262.70	\$ 249,691.88	\$ 4,600,954.58
2016	4,358,031.62	245,582.50	4,603,614.12
2017	4,351,392.87	245,905.00	4,597,297.87
2018	4,362,787.87	250,451.25	4,613,239.12
2019	4,104,815.37	-	4,104,815.37
2020	4,104,266.00	-	4,104,266.00
2021	4,112,834.75	-	4,112,834.75
2022	4,118,007.87	-	4,118,007.87
2023	2,135,821.15	-	2,135,821.15
2024	2,026,196.25	-	2,026,196.25
2025	2,030,290.00	-	2,030,290.00
2026	1,148,122.50	-	1,148,122.50
2027	1,016,665.00	-	1,016,665.00
2028	1,018,082.50	-	1,018,082.50
2029	1,017,997.50	-	1,017,997.50
2030	761,825.00	-	761,825.00
2031	765,075.00	-	765,075.00
2032	765,925.00	-	765,925.00
2033	<u>765,900.00</u>	<u>-</u>	<u>765,900.00</u>
	<u>\$47,315,298.95</u>	<u>\$ 991,630.63</u>	<u>\$48,306,929.58</u>

Other Contractual Liabilities

The following is a summary of other contractual liability transactions for business-type activities of the City for the fiscal year ended April 30, 2014:

	<u>Balance May 1, 2013</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance April 30, 2014</u>	<u>Current Portion</u>
Business-Type Activities -					
Accrued vacation	\$ 76,479.76	\$ 5,787.72	\$ -	\$ 82,267.48	\$ -
State of Illinois	9,246,502.38	28,041.29	572,088.74	8,702,454.93	648,354.81
South Porte Bank	<u>42,989.52</u>	<u>-</u>	<u>16,380.36</u>	<u>26,609.16</u>	<u>16,707.65</u>
<u>Total</u>	<u>\$ 9,365,971.66</u>	<u>\$ 33,829.01</u>	<u>\$ 588,469.10</u>	<u>\$ 8,811,331.57</u>	<u>\$ 665,062.46</u>

Enterprise Fund contractual obligations at April 30, 2014, are comprised of the following individual notes payable:

- A. 2.89% note payable to the State of Illinois in semi-annual installments of \$11,089.94 including interest through October 10, 2016. \$ 53,124.75

For the year ended April 30, 2014, total interest was \$1,974.31, all of which was charged to expense.

- B. 2.89% note payable to the State of Illinois in semi-annual installments of \$5,238.64 including interest through March 14, 2018. \$ 39,310.11

For the year ended April 30, 2014, total interest was \$1,334.70, all of which was charged to expense.

- C. 2.675% note payable to the State of Illinois in semi-annual installments of \$290,257.67 beginning February 15, 2005 through February 15, 2024. \$ 5,052,234.32

For the year ended April 30, 2014, total interest was \$143,925.74, all of which was charged to expense.

- D. 0.000% note payable to the State of Illinois in semi-annual installments of \$12,188.56 beginning October 15, 2011 through October 15, 2030. \$ 402,223.14

- E. 1.25% note payable to the State of Illinois in semi-annual installments of \$33,384.46 beginning June 11, 2013 through May 11, 2033. \$ 1,161,117.89

For the year ended April 30, 2014, total interest was \$5,972.01, all of which was charged to expense.

- F. 1.25% note payable to the State of Illinois in semi-annual installments of \$59,127.58 beginning November 8, 2013 through November 8, 2032. \$ 1,994,444.72

For the year ended April 30, 2014, total interest was \$23,413.48, all of which was charged to expense.

- G. 1.980% note payable to South Porte Bank in monthly installments of \$1,423.62 including interest through December 26, 2015. \$ 26,609.16

For the year ended April 30, 2014, total interest was \$703.08, all of which was charged to expense.

The annual requirements to amortize all other contractual liabilities of business-type activities as of April 30, 2014, including interest payments of \$1,125,100.93 are as follows:

Fiscal Year Ending April 30,	State of Illinois	State of Illinois	State of Illinois	State of Illinois	State of Illinois	State of Illinois	South Porte Bank	Totals
2015	\$ 66,768.92	\$ 24,377.12	\$ 118,255.16	\$ 22,179.88	\$ 10,477.28	\$ 580,515.34	\$ 17,083.44	\$ 839,657.14
2016	66,768.92	24,377.12	118,255.16	22,179.88	10,477.28	580,515.34	9,965.34	832,539.04
2017	66,768.92	24,377.12	118,255.16	11,089.94	10,477.28	580,515.34	-	811,483.76
2018	66,768.92	24,377.12	118,255.16	-	10,477.28	580,515.34	-	800,393.82
2019	66,768.92	24,377.12	118,255.16	-	-	580,515.34	-	789,916.54
2020	66,768.92	24,377.12	118,255.16	-	-	580,515.34	-	789,916.54
2021	66,768.92	24,377.12	118,255.16	-	-	580,515.34	-	789,916.54
2022	66,768.92	24,377.12	118,255.16	-	-	580,515.34	-	789,916.54
2023	66,768.92	24,377.12	118,255.16	-	-	580,515.34	-	789,916.54
2024	66,768.92	24,377.12	118,255.16	-	-	565,064.24	-	774,465.44
2025-2034	623,294.74	158,451.94	1,064,296.44	-	-	-	-	1,846,043.12
	<u>\$ 1,290,983.94</u>	<u>\$ 402,223.14</u>	<u>\$ 2,246,848.04</u>	<u>\$ 55,449.70</u>	<u>\$ 41,909.12</u>	<u>\$ 5,789,702.30</u>	<u>\$ 27,048.78</u>	<u>\$ 9,854,165.02</u>

The following is a summary of other contractual liability transactions for governmental-type activities of the City for the fiscal year ended April 30, 2014:

	Balance May 1, 2013	Additions	Payments	Balance April 30, 2014	Current Portion
<b>Governmental-Type Activities -</b>					
Fire truck	\$ 114,583.44	\$ -	\$ 61,476.86	\$ 53,106.58	\$ 53,106.58
Police cars and related equipment	148,637.33	168,003.98	103,857.15	212,784.16	112,695.58
Street department equipment	135,230.04	533,622.80	157,833.49	511,019.35	142,262.20
7 <sup>th</sup> Street	103,929.11	-	103,929.11	-	-
Fire truck	21,425.57	-	8,372.62	13,052.95	8,527.78
<b>Illinois Department of Transportation -</b>					
Engineering agreement	1,000,000.00	-	10,000.00	990,000.00	90,000.00
Construction agreement	6,950,000.00	-	50,000.00	6,900,000.00	50,000.00
Accrued vacation	329,790.93	40,028.18	-	369,819.11	-
<b>Total</b>	<u>\$ 8,803,596.42</u>	<u>\$ 741,654.96</u>	<u>\$ 495,469.23</u>	<u>\$ 9,049,782.15</u>	<u>\$ 456,592.14</u>

The annual requirements to amortize all other contractual liabilities of government-type activities as of April 30, 2014, including interest payments of \$63,173.35 are as follows:

Fiscal Year Ending April 30,	US Bankcorp	Fifth Third Bank	Bank of Marion	Kubota	Illinois Dept. of Transportation	Totals
2015	\$ 171,743.28	\$ 66,833.52	\$ 106,126.51	\$ 14,575.08	\$ 140,000.00	\$ 499,278.39
2016	171,743.28	33,553.28	21,099.24	-	140,000.00	366,395.80
2017	132,894.64	-	21,099.24	-	708,181.82	862,175.70
2018	113,470.32	-	-	-	708,181.82	821,652.14
2019	-	-	-	-	708,181.82	708,181.82
2020 and after	-	-	-	-	5,484,454.54	5,485,454.54
	<u>\$ 589,851.52</u>	<u>\$ 100,386.80</u>	<u>\$ 148,324.99</u>	<u>\$ 14,575.08</u>	<u>\$ 7,890,000.00</u>	<u>\$ 8,743,138.39</u>

## **Note 13. Contingent Liabilities**

### **Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance.

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended April 30, 2014, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

### **Contingencies:**

#### **Litigation**

The City is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City.

#### **Grants**

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

#### **Development**

The City has various TIF districts for which they are contingently liable to developers as costs are incurred over a period of years. As eligible redevelopment costs are incurred, the City receives municipal sales tax and real estate taxes. The City in turn refunds a percentage of the tax increment to the developer based on the percentages specified in the various redevelopment agreements.

## **Note 14. Fund Balance Reporting**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

### **A. Nonspendable Fund Balance -**

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The City has the following nonspendable fund balance:

Throgmorton Endowment. During a prior year, the City received a special bequest in the amount of \$1,000.00 from the Estate of Edna V. Throgmorton. This amount is to be kept intact and invested in interest bearing securities. The income derived is to be used for the upkeep of the Barnett and Throgmorton grave lots in the Rose Hill Cemetery.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The City has the following restricted fund balances:

Restricted for TIF development. This was created to restrict the use of all resources collected or earned by the Tax Increment Financing Funds for development of the properties in the TIF districts.

Restricted for donor expenditures. This was created to segregate a portion of fund equity for future expenditures defined by the donor.

Restricted for future loans. This was created to restrict the use of all resources contributed to or earned by the Business Improvement Fund.

Restricted for maintenance of roads. This was created by enabling legislation (state and local) to fund the maintenance and upkeep of City streets.

Restricted for public safety expenditures. This was created to restrict the use of 911 fees, DUI, drug enforcement fees, vehicle fund, and foreign fire insurance collected for police and fire department expenditures.

Restricted for debt service. This was created to segregate a portion of the fund equity account for debt service, including both principal payments and interest payments. The restriction was established to satisfy legal restrictions imposed by various bond agreements.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (City Council). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action (resolution or ordinance) it employed to previously commit those amounts.

By council action, the City has committed to a cash reserve policy in the general fund that requires a minimum level equal to or greater than 25% of the general fund's current year budgeted expenditures.

**D. Assigned Fund Balance**

The assigned fund balance classification refers to amounts that are constrained by the City's management and/or commissioners to be used for a specific purpose, but are neither restricted nor committed. Assigned fund balance amounts are shown in the general fund.

**E. Unassigned Fund Balance**

The unassigned fund balance classification is the residual classification for amounts in the general fund for amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

**F. Expenditures of Fund Balance**

Unless specifically identified, expenditures act to reduce restricted balances first, then assigned balances, next unassigned balances and finally act to reduce committed balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Fund</u>	<u>Debt Service Funds</u>	<u>Total Governmental Funds</u>
<b>Fund Balances</b>						
Nonspendable	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
Restricted for -						
Debt Service	-	-	-	-	1,714,317.68	1,714,317.68
Public Safety expenditures	91,740.04	-	139,576.04	-	-	231,316.08
Capital projects	-	-	-	8,348,120.49	-	8,348,120.49
TIF Development	-	-	4,558,294.29	-	-	4,558,294.29
Donor expenditures	76,642.18	842.31	-	-	-	77,484.49
Future loans	-	-	1,591,614.81	-	-	1,591,614.81
Maintenance of roadway	-	-	1,721,122.19	-	-	1,721,122.19
Committed for -						
Cash reserve	4,767,505.00	-	-	-	-	4,767,505.00
Assigned for -						
Library reserve	72,536.05	-	-	-	-	72,536.05
Unassigned	<u>7,956,286.70</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,956,286.70</u>
<b>Total Fund Balances</b>	<u>\$ 12,964,709.97</u>	<u>\$ 1,842.31</u>	<u>\$ 8,010,607.33</u>	<u>\$ 8,348,120.49</u>	<u>\$ 1,714,317.68</u>	<u>\$ 31,039,597.78</u>

**Note 15. Deficit Fund Equity**

There was deficit fund equity/retained earnings as of April 30, 2014 in the Boyton Street Community Center Fund.

**Note 16. Pledged Revenue**

The City has pledged municipal sales tax and real estate taxes generated in connection with the Tax Increment Financing redevelopment agreements with developers.

Effective July 1, 2005 the City increased its home rule sales tax by one quarter of one percent. The City has entered into an agreement with the Southern Illinois Baseball Group, Inc. (Developer) to pay them one-half of the sales tax increase (one eighth of one percent). The City pays the Developer by the last day of the month its sales tax portion for the preceding month. The Developer can not use the funds for any purpose other than to satisfy construction loan obligations. The City's obligation will continue until the earlier of (1) thirty years after the City's first payment or (2) the date that all construction loan obligations have been paid in full. As of April 30, 2014 the Developer's portion of the home rule sales tax increase amounted to \$582,095.00.

**Note 17. Deferred Compensation Plan**

Employees of the City of Marion may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the City. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the City, are held in trust for the exclusive benefit of participants and their beneficiaries. In addition, each participant's rights are equal to his or her share of the fair market value of the plan assets.

**Note 18. Legal Debt Margin**

The City of Marion is a home rule municipality. Under the Illinois Compiled Statutes, a home rule government may issue notes and bonds in excess of any statutory limitation and they shall not reduce the debt incurring power otherwise authorized for any such unit of government. Therefore, the City of Marion has no legal debt limitation.

**Note 19. Risks and Uncertainties - Contributions to the City's Police and Fire Pension Plans and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions will occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.**

Investment securities are exposed to various risks, such as interest rate, market and credit. It is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the statement of net assets available for benefits.

**Note 20. Commitments**

In October of 2006, the City entered into an agreement with the Rend Lake Conservancy District to supply the City with a needed supply of treated water for domestic, commercial and industrial use. The agreement is in effect until December 31, 2046. The City may discontinue purchasing treated water from the District only if (a) the District has recouped its costs of providing water to the delivery point and the cost of the water storage reservoir or (b) the City reimburses the District for any remaining cost which has not been recouped by the District. Construction of the project was completed in July, 2010.

**Note 21. Change in Accounting Principle**

In fiscal year 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement 65 "Items Previously Reported as Assets and Liabilities". Statement 63 will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. The objective of Statement 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or to recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of Statement 65 resulted in the reclassification of the beginning net position of the business type and governmental activities in the government-wide financial statements and the water department in the proprietary fund financial statements. The deferred charges for issuance costs were reclassified as expense of prior periods and resulted in the adjustment below:

	<u>Governmental Activities</u>	<u>Water Department</u>
Net position at April 30, 2013	\$ 59,207,243.62	\$8,846,386.50
Change in reporting for deferred changes for debt issuance cost	<u>(389,190.65)</u>	<u>(94,118.33)</u>
Net position at April 30, 2013, restated	<u>\$ 58,818,052.97</u>	<u>\$ 8,752,268.17</u>

**Required Supplemental Information**

**City of Marion, Illinois**  
**General Fund Types**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (with Variances)**  
**For the year ended April 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 1,158,500.00	\$ 1,158,500.00	\$ 1,156,186.00	\$ (2,314.00)
Sales tax	13,510,000.00	13,510,000.00	13,305,645.00	(204,355.00)
Licenses and permits	120,800.00	120,800.00	109,883.00	(10,917.00)
Intergovernmental	1,634,000.00	1,634,000.00	1,688,520.00	54,520.00
Other taxes and franchise fees	2,525,800.00	2,525,800.00	2,698,871.00	173,071.00
Service charges and fees	619,010.00	619,010.00	765,633.00	146,623.00
Investment income	57,220.00	57,220.00	45,811.00	(11,409.00)
Grant revenue	461,420.00	461,420.00	248,084.00	(213,336.00)
Restricted donations	11,000.00	11,000.00	16,701.00	5,701.00
Miscellaneous	109,900.00	109,900.00	225,664.00	115,764.00
<b>Total Revenues</b>	<u>\$ 20,207,650.00</u>	<u>\$ 20,207,650.00</u>	<u>\$ 20,260,998.00</u>	<u>\$ 53,348.00</u>
<b>Expenditures</b>				
General government	\$ 3,227,385.00	\$ 3,404,200.00	\$ 3,353,311.00	\$ (50,889.00)
Public health and safety	9,271,825.00	9,119,350.00	8,767,321.00	(352,029.00)
Streets, alleys and cemeteries	3,318,870.00	3,319,805.00	3,304,655.00	(15,150.00)
Cultural & recreation	2,162,560.00	2,293,560.00	2,245,748.00	(47,812.00)
Development	946,000.00	920,725.00	806,632.00	(114,093.00)
<b>Total Expenditures</b>	<u>\$ 18,926,640.00</u>	<u>\$ 19,057,640.00</u>	<u>\$ 18,477,667.00</u>	<u>\$ (579,973.00)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<u>\$ 1,783,331.00</u>	
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt			\$ 338,103.00	
Transfers in (out)			(1,991,861.00)	
<b>Total Other Financing Sources (Uses)</b>			<u>\$ (1,653,758.00)</u>	
<b>Net Change in Fund Balances</b>			<u>\$ 129,573.00</u>	

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**TIF Redevelopment Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (with Variances)**  
**For the year ended April 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Property taxes	\$ 4,481,000.00	\$ 4,481,000.00	\$ 4,775,367.00	\$ 294,367.00
Miscellaneous	-	-	279.00	279.00
Investment income	2,970.00	2,970.00	1,588.00	(1,382.00)
<b>Total Revenues</b>	<u>\$ 4,483,970.00</u>	<u>\$ 4,483,970.00</u>	<u>\$ 4,777,234.00</u>	<u>\$ 293,264.00</u>
<b>Expenditures</b>				
Development	\$ 3,332,800.00	\$ 3,662,650.00	\$ 3,350,540.00	\$ (312,110.00)
Public health and safety	-	38,135.00	37,509.00	(626.00)
Streets, alleys and cemeteries	1,031,210.00	650,825.00	209,343.00	(441,482.00)
Debt service	52,500.00	64,900.00	60,000.00	(4,900.00)
<b>Total Expenditures</b>	<u>\$ 4,416,510.00</u>	<u>\$ 4,416,510.00</u>	<u>\$ 3,657,392.00</u>	<u>\$ (759,118.00)</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<u>\$ 1,119,842.00</u>	
<b>Other Financing Sources (Uses)</b>				
Transfers in (out)			<u>\$ (551,205.00)</u>	
<b>Total Other Financing Sources (Uses)</b>			<u>\$ (551,205.00)</u>	
<b>Net Change in Fund Balances</b>			<u>\$ 568,637.00</u>	

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**General Projects Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (with Variances)**  
**For the year ended April 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Grant revenue	\$ 2,500,000.00	\$ 2,500,000.00	\$ -	\$ (2,500,000.00)
Investment income	-	-	1,495.00	1,495.00
<b>Total Revenues</b>	<b><u>\$ 2,500,000.00</u></b>	<b><u>\$ 2,500,000.00</u></b>	<b><u>\$ 1,495.00</u></b>	<b><u>\$ (2,498,505.00)</u></b>
<b>Expenditures</b>				
Streets, alleys and cemeteries	\$ 8,214,870.00	\$ 8,214,870.00	\$ 1,210,764.00	\$ (7,004,106.00)
Public health and safety	1,680,000.00	1,680,000.00	1,410,276.00	(269,724.00)
Cultural and recreation	10,142,130.00	10,142,130.00	5,297,204.00	(4,844,926.00)
Debt service	163,000.00	163,000.00	162,310.00	(690.00)
<b>Total Expenditures</b>	<b><u>\$ 20,200,000.00</u></b>	<b><u>\$ 20,200,000.00</u></b>	<b><u>\$ 8,080,554.00</u></b>	<b><u>\$ (12,119,446.00)</u></b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>			<b><u>\$ (8,079,059.00)</u></b>	
<b>Other Financing Sources (Uses)</b>				
Proceeds from long-term debt			\$ 10,164,154.00	
Transfers in (out)			4,231.00	
<b>Total Other Financing Sources (Uses)</b>			<b><u>\$ 10,168,385.00</u></b>	
<b>Net Change in Fund Balances</b>			<b><u>\$ 2,089,326.00</u></b>	

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Notes to Required Supplemental Information**  
**April 30, 2014**

The City Council annually passes a budget ordinance which includes all fund types using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. Each fund's budget is prepared on a detailed line item basis. Expenditures are budgeted by department and class as follows: salaries and benefits, services and charges, supplies, capital outlay, debt service. For each fund, total fund expenditures may not legally exceed the budgeted amounts. All unexpended budgets lapse at the end of each fiscal year.

The fund financial statements in this report are prepared on the modified accrual basis. The budget ordinance is prepared using the cash basis of accounting. The following schedule reconciles the difference between the legally enacted budget and General, TIF fund, and General Project expenditures:

	<u>Actual on GAAP Basis</u>	<u>Adjustment to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
<b>Expenditures</b>					
<b>General</b>					
General Government	\$ 3,342,670.32	\$ 10,640.68	\$ 3,353,311.00	\$ 3,404,200.00	\$ (50,889.00)
Public health and safety	8,847,397.06	(80,076.06)	8,767,321.00	9,119,350.00	(352,029.00)
Streets, alleys and cemeteries	3,331,222.07	(26,567.07)	3,304,655.00	3,319,805.00	(15,150.00)
Cultural and recreation	2,307,040.76	(61,292.76)	2,245,748.00	2,293,560.00	(47,812.00)
Development	<u>823,649.00</u>	<u>(17,017.00)</u>	<u>806,632.00</u>	<u>920,725.00</u>	<u>(114,093.00)</u>
<b>Total Expenditures</b>	<b><u>\$18,651,979.21</u></b>	<b><u>\$ (174,312.21)</u></b>	<b><u>\$18,477,667.00</u></b>	<b><u>\$ 19,057,640.00</u></b>	<b><u>\$ (579,973.00)</u></b>
<b>TIF Redevelopment</b>					
Streets, alleys and cemeteries	\$ 209,017.07	\$ 325.93	\$ 209,343.00	\$ 650,825.00	\$ (441,482.00)
Public health and safety	37,509.00	-	37,509.00	38,135.00	(626.00)
Debt service	60,000.00	-	60,000.00	64,900.00	(4,900.00)
Development	<u>3,334,323.30</u>	<u>16,216.70</u>	<u>3,350,540.00</u>	<u>3,662,650.00</u>	<u>(312,110.00)</u>
<b>Total Expenditures</b>	<b><u>\$ 3,640,849.37</u></b>	<b><u>\$ 16,542.63</u></b>	<b><u>\$ 3,657,392.00</u></b>	<b><u>\$ 4,416,510.00</u></b>	<b><u>\$ (759,118.00)</u></b>
<b>General Projects</b>					
Streets, alleys and cemeteries	\$ 1,073,573.92	\$ 137,190.08	\$ 1,210,764.00	\$ 8,214,870.00	\$ (7,004,106.00)
Public health and safety	1,603,147.35	(192,871.35)	1,410,276.00	1,680,000.00	(269,724.00)
Cultural and recreation	6,202,379.63	(905,175.63)	5,297,204.00	10,142,130.00	(4,844,926.00)
Debt service	<u>162,310.00</u>	<u>-</u>	<u>162,310.00</u>	<u>163,000.00</u>	<u>(690.00)</u>
	<b><u>\$ 9,041,410.90</u></b>	<b><u>\$ (960,856.90)</u></b>	<b><u>\$ 8,080,554.00</u></b>	<b><u>\$ 20,200,000.00</u></b>	<b><u>\$ (12,119,446.00)</u></b>

The City operated within the legal confines of the budget ordinance prepared on the cash basis of accounting.

**City of Marion, Illinois  
Pension Trust Funds  
Schedule of Funding Progress  
April 30, 2014**

<u>Actuarial Valuation Date</u>	<u>(1) GASB Value of Assets</u>	<u>(2) Actuarial Accrued Liability</u>	<u>(3) Unfunded AAL (UAAL) (2) - (1)</u>	<u>(4) Funded Ratio (1) ÷ (2)</u>	<u>(5) Covered Payroll</u>	<u>(6) UAAL as a Percentage of Covered Payroll (3) ÷ (5)</u>
<b>FIRE PENSION FUND:</b>						
May 1, 2013	\$ 8,513,226	\$11,875,528	\$ 3,362,302	71.69%	\$ 1,396,133	240.83%
May 1, 2012	\$ 8,003,628	\$11,099,756	\$ 3,096,128	72.11%	\$ 1,340,601	230.95%
May 1, 2011	\$ 7,614,409	\$10,658,520	\$ 3,044,111	71.44%	\$ 1,440,119	211.38%
May 1, 2010	\$ 7,391,783	\$ 9,735,460	\$ 2,343,677	75.93%	\$ 1,208,138	193.99%
May 1, 2009	\$ 6,818,455	\$ 8,914,111	\$ 2,095,656	76.49%	\$ 1,192,042	175.80%
May 1, 2008	\$ 6,452,309	\$ 8,372,119	\$ 1,919,810	77.07%	\$ 1,063,456	180.53%
May 1, 2007	\$ 5,899,524	\$ 7,973,284	\$ 2,073,760	73.99%	\$ 1,016,192	204.07%
May 1, 2006	\$ 5,395,594	\$ 7,580,445	\$ 2,184,851	71.18%	\$ 943,341	231.61%
May 1, 2004	\$ 4,498,873	\$ 6,825,670	\$ 2,326,797	65.91%	\$ 870,071	267.43%
May 1, 2003	\$ 4,090,617	\$ 6,291,568	\$ 2,200,951	65.02%	\$ 829,553	265.32%
<b>POLICE PENSION FUND:</b>						
May 1, 2013	\$ 8,927,584	\$15,036,581	\$ 6,108,997	59.37%	\$ 1,737,719	351.55%
May 1, 2012	\$ 8,371,883	\$13,615,512	\$ 5,243,629	61.49%	\$ 1,534,666	341.68%
May 1, 2011	\$ 8,190,964	\$12,838,296	\$ 4,647,332	63.80%	\$ 1,529,445	303.86%
May 1, 2010	\$ 7,531,207	\$11,383,210	\$ 3,852,003	66.16%	\$ 1,533,252	251.23%
May 1, 2009	\$ 6,842,006	\$10,407,181	\$ 3,565,175	65.74%	\$ 1,426,356	249.95%
May 1, 2008	\$ 6,462,170	\$ 9,802,662	\$ 3,340,492	65.92%	\$ 1,294,652	258.02%
May 1, 2007	\$ 5,886,026	\$ 8,757,129	\$ 2,871,103	67.21%	\$ 1,167,857	245.84%
May 1, 2006	\$ 5,349,038	\$ 7,821,520	\$ 2,472,482	68.39%	\$ 1,130,147	218.78%
May 1, 2004	\$ 4,362,707	\$ 7,245,549	\$ 2,882,842	60.21%	\$ 948,637	303.89%
May 1, 2003	\$ 3,967,543	\$ 6,868,834	\$ 2,901,291	57.76%	\$ 886,952	327.11%

See accompanying notes to financial statements.

**City of Marion, Illinois  
Pension Trust Funds  
Schedule of Employer Contributions  
April 30, 2014**

**Fire Pension Fund:**

<b><u>Fiscal Year Ended April 30,</u></b>	<b><u>Required Contribution</u></b>	<b><u>Total Employer Contribution (b)</u></b>	<b><u>Annual Percentage Contributed</u></b>
2005	258,191	261,836	101.41%
2006	258,191	276,099	106.94%
2007	250,086	296,707	118.64%
2008	297,730	318,740	107.06%
2009	283,206	331,040	116.89%
2010	313,279	355,300	113.41%
2011	341,754	366,400	107.21%
2012	394,868	384,670	97.42%
2013	421,503	387,400	91.91%
2014	462,920	421,500	91.05%

**Police Pension Fund:**

<b><u>Fiscal Year Ended April 30,</u></b>	<b><u>Required Contribution</u></b>	<b><u>Total Employer Contribution (b)</u></b>	<b><u>Annual Percentage Contributed</u></b>
2005	292,134	264,249	90.45%
2006	292,134	312,024	106.81%
2007	320,303	366,975	114.57%
2008	378,175	394,260	104.25%
2009	408,367	418,960	102.59%
2010	447,074	535,500	119.78%
2011	494,072	542,800	109.86%
2012	554,610	569,900	102.76%
2013	592,088	569,900	96.25%
2014	672,831	592,000	87.99%

See accompanying notes to financial statements.

**City of Marion, Illinois  
Non-Major Governmental Funds  
Combining Balance Sheet  
April 30, 2014**

	<u>Permanent Funds</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 1,962,375.71	\$ -	\$ -	\$ 1,962,375.71
Restricted cash and cash equivalents	-	-	1,714,317.68	-	1,714,317.68
Investments	1,842.31	-	-	-	1,842.31
Due from other governments	-	59,638.49	-	-	59,638.49
Property taxes receivable	-	118,723.25	368,700.00	-	487,423.25
Loans receivable, net	-	1,363,255.31	-	-	1,363,255.31
Accounts receivable	-	83,358.98	-	-	83,358.98
Due from other funds	-	40,976.90	150,000.00	-	190,976.90
<b>Total Assets</b>	<u>\$ 1,842.31</u>	<u>\$ 3,628,328.64</u>	<u>\$ 2,233,017.68</u>	<u>\$ -</u>	<u>\$ 5,863,188.63</u>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 57,292.35	\$ -	\$ -	\$ 57,292.35
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 57,292.35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,292.35</u>
<b>Deferred Inflow of Resources</b>					
Unavailable revenue	\$ -	\$ 118,723.25	\$ 518,700.00	\$ -	\$ 637,423.25
<b>Fund Balances</b>					
Nonspendable	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
Restricted	842.31	3,452,313.04	1,714,317.68	-	5,167,473.03
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<u>\$ 1,842.31</u>	<u>\$ 3,452,313.04</u>	<u>\$ 1,714,317.68</u>	<u>\$ -</u>	<u>\$ 5,168,473.03</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 1,842.31</u>	<u>\$ 3,628,328.64</u>	<u>\$ 2,233,017.68</u>	<u>\$ -</u>	<u>\$ 5,863,188.63</u>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended April 30, 2014**

	<u>Permanent Funds</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ 109,009.62	\$ 520,523.77	\$ -	\$ 629,533.39
Intergovernmental	-	512,430.43	-	-	512,430.43
Other taxes and franchise fees	-	588,120.76	-	-	588,120.76
Service charges and fees	-	183,100.47	-	-	183,100.47
Investment income	0.25	464.41	211.23	-	675.89
Grant revenue	-	87,041.47	-	-	87,041.47
<b>Total Revenues</b>	<u>\$ 0.25</u>	<u>\$ 1,480,167.16</u>	<u>\$ 520,735.00</u>	<u>\$ -</u>	<u>\$ 2,000,902.41</u>
<b>Expenditures</b>					
Public health and safety	\$ -	\$ 91,843.14	\$ -	\$ -	\$ 91,843.14
Streets, alleys and cemeteries	-	1,419,505.10	-	2,200.00	1,421,705.10
Debt service	-	-	2,575,210.17	-	2,575,210.17
Development	-	11,424.21	-	-	11,424.21
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ 1,522,772.45</u>	<u>\$ 2,575,210.17</u>	<u>\$ 2,200.00</u>	<u>\$ 4,100,182.62</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ 0.25</u>	<u>\$ (42,605.29)</u>	<u>\$ (2,054,475.17)</u>	<u>\$ (2,200.00)</u>	<u>\$ (2,099,280.21)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from long-term debt	\$ -	\$ 363,523.80	\$ -	\$ -	\$ 363,523.80
Transfers in (out)	-	23,385.05	2,528,370.59	2,200.00	2,553,955.64
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ 386,908.85</u>	<u>\$ 2,528,370.59</u>	<u>\$ 2,200.00</u>	<u>\$ 2,917,479.44</u>
<b>Net Change in Fund Balances</b>	<u>\$ 0.25</u>	<u>\$ 344,303.56</u>	<u>\$ 473,895.42</u>	<u>\$ -</u>	<u>\$ 818,199.23</u>
<b>Fund Balances - Beginning of Year</b>	<u>1,842.06</u>	<u>3,108,009.48</u>	<u>1,240,422.26</u>	<u>-</u>	<u>4,350,273.80</u>
<b>Fund Balances - End of Year</b>	<u>\$ 1,842.31</u>	<u>\$ 3,452,313.04</u>	<u>\$ 1,714,317.68</u>	<u>\$ -</u>	<u>\$ 5,168,473.03</u>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Non-Major Special Revenue Funds**  
**Combining Balance Sheet**  
**April 30, 2014**

	<u>Road and Bridge Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Gas Tax Fund</u>	<u>Business Improvement Fund</u>	<u>Foreign Fire Insurance Fund</u>	<u>Special Revenues Police Fund</u>	<u>Total - Special Revenue Funds</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 92,702.50	\$ 1,033,107.42	\$ 493,198.19	\$ 228,359.50	\$ 25,401.64	\$ 89,606.46	\$ 1,962,375.71
Due from other governments	-	59,638.49	-	-	-	-	59,638.49
Property taxes receivable	118,723.25	-	-	-	-	-	118,723.25
Loans receivable, net	-	-	-	1,363,255.31	-	-	1,363,255.31
Accounts receivable	-	-	52,306.58	-	-	31,052.40	83,358.98
Due from other funds	-	-	41,946.90	-	(970.00)	-	40,976.90
<b>Total Assets</b>	<u>\$ 211,425.75</u>	<u>\$ 1,092,745.91</u>	<u>\$ 587,451.67</u>	<u>\$ 1,591,614.81</u>	<u>\$ 24,431.64</u>	<u>\$ 120,658.86</u>	<u>\$ 3,628,328.64</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 33,790.29	\$ 9,993.66	\$ 7,993.94	\$ -	\$ -	\$ 5,514.46	\$ 57,292.35
<b>Total Liabilities</b>	<u>\$ 33,790.29</u>	<u>\$ 9,993.66</u>	<u>\$ 7,993.94</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,514.46</u>	<u>\$ 57,292.35</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	\$ 118,723.25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,723.25
<b>Fund Balances</b>							
Restricted for future loans	\$ -	\$ -	\$ -	\$ 1,591,614.81	\$ -	\$ -	\$ 1,591,614.81
Restricted for maintenance of roadways	58,912.21	1,082,752.25	579,457.73	-	-	-	1,721,122.19
Restricted for public safety expenditures	-	-	-	-	24,431.64	115,144.40	139,576.04
<b>Total Fund Balances</b>	<u>\$ 58,912.21</u>	<u>\$ 1,082,752.25</u>	<u>\$ 579,457.73</u>	<u>\$ 1,591,614.81</u>	<u>\$ 24,431.64</u>	<u>\$ 115,144.40</u>	<u>\$ 3,452,313.04</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 211,425.75</u>	<u>\$ 1,092,745.91</u>	<u>\$ 587,451.67</u>	<u>\$ 1,591,614.81</u>	<u>\$ 24,431.64</u>	<u>\$ 120,658.86</u>	<u>\$ 3,628,328.64</u>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Non-Major Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended April 30, 2014**

	<u>Road and Bridge Fund</u>	<u>Motor Fuel Tax Fund</u>	<u>Gas Tax Fund</u>	<u>Business Improvement Fund</u>	<u>Foreign Fire Insurance Fund</u>	<u>Special Revenues Police Fund</u>	<u>Total - Special Revenue Funds</u>
<b>Revenues</b>							
Property taxes	\$ 109,009.62	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 109,009.62
Intergovernmental	-	512,430.43	-	-	-	-	512,430.43
Service charges and fees	-	-	-	50,129.61	-	132,970.86	183,100.47
Other taxes	165.05	-	533,250.25	-	54,705.46	-	588,120.76
Investment income	36.69	186.83	57.78	168.84	-	14.27	464.41
Grant revenue	-	87,041.47	-	-	-	-	87,041.47
Miscellaneous	-	-	-	-	-	-	-
<b>Total Revenues</b>	<u>\$ 109,211.36</u>	<u>\$ 599,658.73</u>	<u>\$ 533,308.03</u>	<u>\$ 50,298.45</u>	<u>\$ 54,705.46</u>	<u>\$ 132,985.13</u>	<u>\$ 1,480,167.16</u>
<b>Expenditures</b>							
Public health and safety	\$ -	\$ -	\$ -	\$ -	\$ 58,484.24	\$ 33,358.90	\$ 91,843.14
Streets, alleys and cemeteries	297,615.53	540,781.23	581,108.34	-	-	-	1,419,505.10
Development	-	-	-	11,424.21	-	-	11,424.21
<b>Total Expenditures</b>	<u>\$ 297,615.53</u>	<u>\$ 540,781.23</u>	<u>\$ 581,108.34</u>	<u>\$ 11,424.21</u>	<u>\$ 58,484.24</u>	<u>\$ 33,358.90</u>	<u>\$ 1,522,772.45</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (188,404.17)</u>	<u>\$ 58,877.50</u>	<u>\$ (47,800.31)</u>	<u>\$ 38,874.24</u>	<u>\$ (3,778.78)</u>	<u>\$ 99,626.23</u>	<u>\$ (42,605.29)</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds from long-term debt	\$ -	\$ -	\$ 363,523.80	\$ -	\$ -	\$ -	\$ 363,523.80
Transfers in (out)	99,027.16	1,458.29	-	-	-	(77,100.40)	23,385.05
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 99,027.16</u>	<u>\$ 1,458.29</u>	<u>\$ 363,523.80</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (77,100.40)</u>	<u>\$ 386,908.85</u>
<b>Net Change in Fund Balances</b>	<u>\$ (89,377.01)</u>	<u>\$ 60,335.79</u>	<u>\$ 315,723.49</u>	<u>\$ 38,874.24</u>	<u>\$ (3,778.78)</u>	<u>\$ 22,525.83</u>	<u>\$ 344,303.56</u>
<b>Fund Balances - Beginning of Year</b>	<u>148,289.22</u>	<u>1,022,416.46</u>	<u>263,734.24</u>	<u>1,552,740.57</u>	<u>28,210.42</u>	<u>92,618.57</u>	<u>3,108,009.48</u>
<b>Fund Balances - End of Year</b>	<u>\$ 58,912.21</u>	<u>\$ 1,082,752.25</u>	<u>\$ 579,457.73</u>	<u>\$ 1,591,614.81</u>	<u>\$ 24,431.64</u>	<u>\$ 115,144.40</u>	<u>\$ 3,452,313.04</u>

See accompanying notes to financial statements.

**City of Marlon, Illinois  
Non-Major Debt Service Funds  
Combining Balance Sheet  
April 30, 2014**

	<u>Debt Service for Various Projects</u>	<u>2006 Refunding Bonds</u>	<u>2005 Refunding Bonds</u>	<u>TIF Debt Service</u>	<u>SSA Debt Service</u>	<u>Total - Debt Service Funds</u>
<b>Assets</b>						
Restricted cash and cash equivalents	\$ 507,538.61	\$ 607,774.88	\$ 102,942.73	\$ 97,032.64	\$ 399,028.82	\$ 1,714,317.68
Property tax receivable	-	-	-	-	368,700.00	368,700.00
Due from other funds	-	-	150,000.00	-	-	150,000.00
<b>Total Assets</b>	<u>\$ 507,538.61</u>	<u>\$ 607,774.88</u>	<u>\$ 252,942.73</u>	<u>\$ 97,032.64</u>	<u>\$ 767,728.82</u>	<u>\$ 2,233,017.68</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred Inflow of Resources</b>						
Unavailable revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000.00</u>	<u>\$ -</u>	<u>\$ 368,700.00</u>	<u>\$ 518,700.00</u>
<b>Fund Balances</b>						
Restricted for debt service	<u>\$ 507,538.61</u>	<u>\$ 607,774.88</u>	<u>\$ 102,942.73</u>	<u>\$ 97,032.64</u>	<u>\$ 399,028.82</u>	<u>\$ 1,714,317.68</u>
<b>Total Fund Balances</b>	<u>\$ 507,538.61</u>	<u>\$ 607,774.88</u>	<u>\$ 102,942.73</u>	<u>\$ 97,032.64</u>	<u>\$ 399,028.82</u>	<u>\$ 1,714,317.68</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 507,538.61</u>	<u>\$ 607,774.88</u>	<u>\$ 252,942.73</u>	<u>\$ 97,032.64</u>	<u>\$ 767,728.82</u>	<u>\$ 2,233,017.68</u>

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**Non-Major Debt Service Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Year Ended April 30, 2014**

	<u>Debt Service for Various Projects</u>	<u>2006 Refunding Bonds</u>	<u>2005 Refunding Bonds</u>	<u>TIF Debt Service</u>	<u>SSA Debt Service</u>	<u>Total - Debt Service Funds</u>
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ 149,133.41	\$ -	\$ 371,390.36	\$ 520,523.77
Investment income	18.86	73.13	17.79	15.77	85.68	211.23
<b>Total Revenues</b>	<u>\$ 18.86</u>	<u>\$ 73.13</u>	<u>\$ 149,151.20</u>	<u>\$ 15.77</u>	<u>\$ 371,476.04</u>	<u>\$ 520,735.00</u>
<b>Expenditures</b>						
Debt service	\$ 325,417.67	\$ 1,143,665.00	\$ 601,742.50	\$ 131,525.00	372,860.00	\$ 2,575,210.17
<b>Total Expenditures</b>	<u>\$ 325,417.67</u>	<u>\$ 1,143,665.00</u>	<u>\$ 601,742.50</u>	<u>\$ 131,525.00</u>	<u>\$ 372,860.00</u>	<u>\$ 2,575,210.17</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>\$ (325,398.81)</u>	<u>\$ (1,143,591.87)</u>	<u>\$ (452,591.30)</u>	<u>\$ (131,509.23)</u>	<u>\$ (1,383.96)</u>	<u>\$ (2,054,475.17)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in (out)	\$ 787,214.00	\$ 1,162,990.00	\$ 458,166.59	\$ 120,000.00	\$ -	\$ 2,528,370.59
<b>Total Other Financing Sources and Uses</b>	<u>\$ 787,214.00</u>	<u>\$ 1,162,990.00</u>	<u>\$ 458,166.59</u>	<u>\$ 120,000.00</u>	<u>\$ -</u>	<u>\$ 2,528,370.59</u>
<b>Net Change in Fund Balances</b>	\$ 461,815.19	\$ 19,398.13	\$ 5,575.29	\$ (11,509.23)	\$ (1,383.96)	\$ 473,895.42
<b>Fund Balances - Beginning of Year</b>	<u>45,723.42</u>	<u>588,376.75</u>	<u>97,367.44</u>	<u>108,541.87</u>	<u>400,412.78</u>	<u>1,240,422.26</u>
<b>Fund Balances - End of Year</b>	<u>\$ 507,538.61</u>	<u>\$ 607,774.88</u>	<u>\$ 102,942.73</u>	<u>\$ 97,032.64</u>	<u>\$ 399,028.82</u>	<u>\$ 1,714,317.68</u>

See accompanying notes to financial statements.

**City of Marlon, Illinois**  
**General Fund Types**  
**Combining Balance Sheet**  
**April 30, 2014**

	<u>General</u>	<u>Goddard Chapel Restoration</u>	<u>Cultural and Civic Center</u>	<u>Senior Citizens Council</u>	<u>Recreation Department</u>	<u>Boyton Street Community Center</u>	<u>Carnegie Library</u>	<u>Pavillion</u>	<u>Recreation Building</u>	<u>Total - General Fund Types</u>
<b>Assets</b>										
Cash and cash equivalents	\$ 4,822,581.17	\$ 15,088.17	\$ 114,336.42	\$ 35,442.62	\$ 150,123.96	\$ 2,300.17	\$ 33,597.13	\$ 152,327.74	\$ 964,749.21	\$ 6,290,546.59
Restricted cash and cash equivalents	186,582.36	-	1.07	-	-	1,566.96	3,294.94	-	-	191,445.33
Investments	3,236,635.67	16,695.69	1,726.65	-	-	-	56,491.21	-	-	3,311,549.22
Restricted Investments	-	-	-	12,583.28	-	-	56,605.13	-	-	69,188.41
Property taxes receivable	1,378,659.59	-	-	-	-	-	-	-	-	1,378,659.59
Sales taxes receivable	3,162,144.61	-	-	-	-	-	-	-	-	3,162,144.61
Accrued interest receivable	6,183.39	-	-	20.85	-	-	-	-	-	6,204.24
Due from other governments	588,216.64	-	-	-	-	1,939.98	-	-	-	590,156.62
Accounts Receivable	249,618.02	-	-	-	-	-	-	54,460.29	90,800.49	394,898.80
<b>Total Assets</b>	<u>\$ 13,630,621.45</u>	<u>\$ 31,783.86</u>	<u>\$ 116,064.14</u>	<u>\$ 48,046.75</u>	<u>\$ 150,123.96</u>	<u>\$ 5,807.11</u>	<u>\$ 149,988.41</u>	<u>\$ 206,808.03</u>	<u>\$ 1,055,549.70</u>	<u>\$ 15,394,793.41</u>
<b>Liabilities, Deferred Inflow of Resources and Fund Balances</b>										
<b>Liabilities</b>										
Accounts payable	\$ 271,373.64	\$ -	\$ 26,998.10	\$ 11,360.10	\$ 29.13	\$ 5,361.88	\$ 27,574.89	\$ 28,039.35	12,261.93	\$ 382,999.02
Due to other funds	325,953.84	(55.00)	-	-	(139,983.05)	154.43	-	(154.43)	758.00	186,673.79
Accrued payroll	178,893.67	-	3,928.03	6,273.19	-	2,851.98	10,349.62	3,047.39	-	205,343.88
Accrued vacation	321,503.14	-	4,956.38	11,524.88	-	5,461.98	23,429.55	2,943.20	-	369,819.11
Accrued payroll related expenses	56,588.05	-	-	-	-	-	-	-	-	56,588.05
<b>Total Liabilities</b>	<u>\$ 1,154,312.34</u>	<u>\$ (55.00)</u>	<u>\$ 35,882.51</u>	<u>\$ 29,158.17</u>	<u>\$ (139,953.92)</u>	<u>\$ 13,830.25</u>	<u>\$ 61,354.06</u>	<u>\$ 33,875.51</u>	<u>\$ 13,019.93</u>	<u>\$ 1,201,423.85</u>
<b>Deferred Inflow of Resources</b>										
Unavailable revenue	\$ 1,088,676.54	\$ -	\$ -	\$ -	\$ 139,983.05	\$ -	\$ -	\$ -	\$ -	\$ 1,228,659.59
<b>Fund Balances</b>										
Restricted for public safety expenditures	\$ 91,740.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 91,740.04
Restricted for donor expenditures	15,174.73	-	1.07	-	-	1,566.96	59,899.42	-	-	76,642.18
Assigned	-	-	72,536.05	-	-	-	-	-	-	72,536.05
Committed	4,767,505.00	-	-	-	-	-	-	-	-	4,767,505.00
Unassigned	6,513,212.80	31,638.86	7,644.51	18,888.58	150,094.83	(9,590.10)	28,734.93	172,932.52	1,042,529.77	7,956,286.70
<b>Total Fund Balances</b>	<u>\$ 11,387,632.57</u>	<u>\$ 31,638.86</u>	<u>\$ 80,181.63</u>	<u>\$ 18,888.58</u>	<u>\$ 150,094.83</u>	<u>\$ (8,023.14)</u>	<u>\$ 88,634.35</u>	<u>\$ 172,932.52</u>	<u>\$ 1,042,529.77</u>	<u>\$ 12,664,709.97</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balances</b>	<u>\$ 13,630,621.45</u>	<u>\$ 31,783.86</u>	<u>\$ 116,064.14</u>	<u>\$ 48,046.75</u>	<u>\$ 150,123.96</u>	<u>\$ 5,807.11</u>	<u>\$ 149,988.41</u>	<u>\$ 206,808.03</u>	<u>\$ 1,055,549.70</u>	<u>\$ 15,394,793.41</u>

See accompanying notes to financial statements.

City of Marion, Illinois  
General Fund Types  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended April 30, 2014

	General	Goddard Chapel Restoration	Cultural and Civic Center	Senior Citizens Council	Recreation Department	Boylon Street Community Center	Cemaria Library	Pavilion	Recreation Building	Total - General Fund Types
<b>Revenues</b>										
Property tax	\$ 1,013,611.03	\$ -	\$ -	\$ -	\$ 142,574.95	\$ -	\$ -	\$ -	\$ -	\$ 1,156,186.03
Sales tax	13,175,073.66	-	-	-	-	-	-	-	-	13,175,073.66
Grant revenue	178,302.68	-	6,015.00	39,673.84	-	26,736.19	41,609.47	-	-	292,337.18
Licenses and permits	109,883.13	-	-	-	-	-	-	-	-	109,883.13
Intergovernmental revenues	1,667,310.36	-	-	-	-	-	-	-	-	1,667,310.36
Service charges and fees	288,698.97	3,090.00	228,562.53	54,849.65	12,094.47	1,178.21	28,581.78	149,883.19	-	763,138.80
Other taxes and franchise fees	1,484,491.14	-	-	-	-	-	-	466,167.70	810,312.79	2,760,961.63
Investment income	38,422.28	58.00	121.36	65.65	-	-	790.62	74.09	460.88	38,990.68
Miscellaneous revenue	182,633.06	-	15,360.51	9,330.68	-	9,794.50	9,948.94	40.00	-	227,107.67
Restricted donations	-	-	-	-	-	20.00	16,681.48	-	-	16,701.48
<b>Total Revenues</b>	<b>\$ 16,138,426.36</b>	<b>\$ 3,148.00</b>	<b>\$ 248,059.40</b>	<b>\$ 104,019.80</b>	<b>\$ 154,669.42</b>	<b>\$ 37,728.90</b>	<b>\$ 95,612.30</b>	<b>\$ 638,284.89</b>	<b>\$ 810,773.87</b>	<b>\$ 20,228,720.83</b>
<b>Expenditures</b>										
General government	\$ 2,590,310.41	\$ -	\$ -	\$ 505,218.39	\$ -	\$ 248,938.41	\$ -	\$ -	\$ -	\$ 3,342,467.21
Public health and safety	8,847,589.47	-	-	-	-	-	-	-	-	8,847,589.47
Streets, alleys and cemeteries	3,328,547.22	4,685.55	-	-	-	-	-	-	-	3,331,232.77
Culture and recreation	-	-	621,545.79	-	14,408.97	-	810,826.80	602,432.16	157,729.05	2,307,040.78
Development	823,649.00	-	-	-	-	-	-	-	-	823,649.00
<b>Total Expenditures</b>	<b>\$ 15,588,096.10</b>	<b>\$ 4,685.55</b>	<b>\$ 621,545.78</b>	<b>\$ 505,218.39</b>	<b>\$ 14,408.97</b>	<b>\$ 248,938.41</b>	<b>\$ 810,826.80</b>	<b>\$ 602,432.16</b>	<b>\$ 157,729.05</b>	<b>\$ 16,651,979.21</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 2,550,330.26</b>	<b>\$ (1,539.55)</b>	<b>\$ (373,486.38)</b>	<b>\$ (401,198.59)</b>	<b>\$ 140,260.45</b>	<b>\$ (209,209.51)</b>	<b>\$ (615,314.50)</b>	<b>\$ 33,852.82</b>	<b>\$ 653,044.62</b>	<b>\$ 1,576,741.62</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in (out)	\$ (3,459,024.18)	\$ -	\$ 357,070.79	\$ 402,313.10	\$ 2,346.64	\$ 214,677.28	\$ 828,589.11	\$ -	(335,834.00)	\$ (1,891,861.26)
Proceeds from long-term debt, net	338,102.98	-	-	-	-	-	-	-	-	338,102.98
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (3,120,921.20)</b>	<b>\$ -</b>	<b>\$ 357,070.79</b>	<b>\$ 402,313.10</b>	<b>\$ 2,346.64</b>	<b>\$ 214,677.28</b>	<b>\$ 828,589.11</b>	<b>\$ -</b>	<b>\$ (335,834.00)</b>	<b>\$ (1,853,758.28)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (570,590.94)</b>	<b>\$ (1,539.55)</b>	<b>\$ (16,415.59)</b>	<b>\$ 1,114.51</b>	<b>\$ 142,606.09</b>	<b>\$ 5,467.77</b>	<b>\$ 11,274.61</b>	<b>\$ 33,852.82</b>	<b>\$ 317,210.62</b>	<b>\$ (77,016.66)</b>
<b>Fund Balances - Beginning of Year</b>	<b>11,898,723.51</b>	<b>33,378.41</b>	<b>88,597.22</b>	<b>17,774.07</b>	<b>7,485.74</b>	<b>(13,490.91)</b>	<b>77,359.74</b>	<b>139,079.70</b>	<b>725,319.15</b>	<b>13,041,726.63</b>
<b>Fund Balances - End of Year</b>	<b>\$ 11,387,632.57</b>	<b>\$ 31,838.86</b>	<b>\$ 80,181.63</b>	<b>\$ 18,888.58</b>	<b>\$ 150,094.83</b>	<b>\$ (8,023.14)</b>	<b>\$ 88,634.35</b>	<b>\$ 172,932.52</b>	<b>\$ 1,042,529.77</b>	<b>\$ 12,964,709.97</b>

See accompanying notes to financial statements.

City of Marion, Illinois  
TIF Redevelopment Fund  
Combining Balance Sheet  
April 30, 2014

	TIF #1	TIF #4	TIF #6	TIF #8	TIF #7	TIF #9	TIF #10	TIF #11	TIF #12	TIF #13	TIF Redevelopment Fund
<b>Assets</b>											
Cash and cash equivalents	\$ 4,057,066.29	\$ 70,201.24	\$ 199,655.66	\$ 0.88	\$ 167,622.55	\$ 276,003.45	\$ 4.24	\$ 2.16	\$ 2.63	\$ 12,042.59	\$ 4,782,601.69
Property taxes receivable	2,420,122.00	113,127.00	137,149.00	37,151.00	1,028,743.00	140,808.00	1,056,558.00	21,899.00	142,805.00	15,348.00	5,113,710.00
<b>Total Assets</b>	<b>\$ 6,477,188.29</b>	<b>\$ 183,328.24</b>	<b>\$ 336,804.66</b>	<b>\$ 37,151.88</b>	<b>\$ 1,196,365.55</b>	<b>\$ 416,811.45</b>	<b>\$ 1,056,562.24</b>	<b>\$ 21,901.16</b>	<b>\$ 142,807.63</b>	<b>\$ 27,390.59</b>	<b>\$ 9,896,311.69</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>											
<b>Liabilities</b>											
Accounts payable	\$ 90,666.40	\$ -	\$ -	\$ 5,772.00	\$ -	\$ -	\$ -	\$ 127,869.00	\$ -	\$ -	\$ 224,307.40
<b>Total Liabilities</b>	<b>\$ 90,666.40</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,772.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 127,869.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 224,307.40</b>
<b>Deferred Inflow of Resources</b>											
Unavailable revenue	\$ 2,420,122.00	\$ 113,127.00	\$ 137,149.00	\$ 37,151.00	\$ 1,028,743.00	\$ 140,808.00	\$ 1,056,558.00	\$ 21,899.00	\$ 142,805.00	\$ 15,348.00	\$ 5,113,710.00
<b>Fund Balances</b>											
Restricted	\$ 3,966,399.89	\$ 70,201.24	\$ 199,655.66	\$ (5,771.12)	\$ 167,622.55	\$ 276,003.45	\$ 4.24	\$ (127,868.84)	\$ 2.63	\$ 12,042.69	\$ 4,558,294.29
<b>Total Fund Balances</b>	<b>\$ 3,966,399.89</b>	<b>\$ 70,201.24</b>	<b>\$ 199,655.66</b>	<b>\$ (5,771.12)</b>	<b>\$ 167,622.55</b>	<b>\$ 276,003.45</b>	<b>\$ 4.24</b>	<b>\$ (127,868.84)</b>	<b>\$ 2.63</b>	<b>\$ 12,042.69</b>	<b>\$ 4,558,294.29</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 6,477,188.29</b>	<b>\$ 183,328.24</b>	<b>\$ 336,804.66</b>	<b>\$ 37,151.88</b>	<b>\$ 1,196,365.55</b>	<b>\$ 416,811.45</b>	<b>\$ 1,056,562.24</b>	<b>\$ 21,901.16</b>	<b>\$ 142,807.63</b>	<b>\$ 27,390.59</b>	<b>\$ 9,896,311.69</b>

See accompanying notes to financial statements.

City of Marion, Illinois  
TIF Redevelopment Fund  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended April 30, 2014

	TIF #1	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8	TIF #10	TIF #11	TIF #12	TIF #13	TIF Redevelopment Fund
<b>Revenues</b>											
Property taxes	\$ 2,298,821.72	\$ 111,552.94	\$ 134,589.58	\$ 36,445.20	\$ 981,255.94	\$ 137,292.32	\$ 866,010.92	\$ 27,038.68	\$ 68,910.04	\$ 15,350.52	\$ 4,775,366.76
Investment Income	1,033.93	38.42	54.39	6.84	205.85	74.62	154.59	3.05	7.96	4.24	1,583.89
Miscellaneous revenue	-	-	-	-	-	-	-	279.48	-	-	279.48
<b>Total Revenues</b>	<b>\$ 2,297,855.65</b>	<b>\$ 111,591.38</b>	<b>\$ 134,643.97</b>	<b>\$ 36,452.04</b>	<b>\$ 981,461.79</b>	<b>\$ 137,366.94</b>	<b>\$ 866,165.51</b>	<b>\$ 27,319.11</b>	<b>\$ 68,918.00</b>	<b>\$ 15,354.76</b>	<b>\$ 4,777,229.13</b>
<b>Expenditures</b>											
Administrative expenses	\$ 62,285.35	\$ 11,065.75	\$ 13,542.25	\$ 7,364.35	\$ 54,020.94	\$ 13,235.79	\$ 41,542.53	\$ 13,300.75	\$ 93,981.00	\$ 9,988.69	\$ 320,327.30
Streets, alleys and cemeteries	58,846.70	-	-	-	1,275.80	-	611.50	-	148,283.07	-	209,017.07
Public safety	15,817.00	570.00	2,405.00	231.00	5,566.00	1,480.00	1,310.00	4,024.00	6,306.00	-	37,509.00
Debt service	52,500.00	-	-	-	-	-	1,125.00	6,375.00	-	-	60,000.00
Development	944,847.00	12,277.00	89,432.00	39,919.00	560,057.00	100,978.00	585,109.00	641,219.00	40,158.00	-	3,013,896.00
<b>Total Expenditures</b>	<b>\$ 1,134,096.05</b>	<b>\$ 23,912.75</b>	<b>\$ 105,379.25</b>	<b>\$ 47,514.35</b>	<b>\$ 620,919.74</b>	<b>\$ 115,693.79</b>	<b>\$ 629,698.03</b>	<b>\$ 664,918.75</b>	<b>\$ 288,728.07</b>	<b>\$ 9,988.69</b>	<b>\$ 3,640,849.37</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 1,163,859.60</b>	<b>\$ 87,678.61</b>	<b>\$ 29,264.72</b>	<b>\$ (11,062.31)</b>	<b>\$ 360,542.05</b>	<b>\$ 21,673.15</b>	<b>\$ 336,467.48</b>	<b>\$ (637,599.64)</b>	<b>\$ (219,810.07)</b>	<b>\$ 5,366.17</b>	<b>\$ 1,136,379.76</b>
<b>Other Financing Sources (Uses)</b>											
Transfers in (out)	\$ (452,140.00)	\$ (230,325.00)	\$ -	\$ 9,090.00	\$ (410,265.00)	\$ -	(207,528.00)	\$ 509,638.00	\$ 230,325.00	\$ -	\$ (551,205.00)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (452,140.00)</b>	<b>\$ (230,325.00)</b>	<b>\$ -</b>	<b>\$ 9,090.00</b>	<b>\$ (410,265.00)</b>	<b>\$ -</b>	<b>\$ (207,528.00)</b>	<b>\$ 509,638.00</b>	<b>\$ 230,325.00</b>	<b>\$ -</b>	<b>\$ (551,205.00)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 711,719.60</b>	<b>\$ (142,646.39)</b>	<b>\$ 29,264.72</b>	<b>\$ (1,972.31)</b>	<b>\$ (49,722.95)</b>	<b>\$ 21,673.15</b>	<b>\$ 128,939.48</b>	<b>\$ (127,961.64)</b>	<b>\$ 10,514.93</b>	<b>\$ 5,366.17</b>	<b>\$ 585,174.76</b>
<b>Fund Balances - Beginning of Year</b>	<b>3,254,680.29</b>	<b>212,847.63</b>	<b>170,390.94</b>	<b>(3,798.81)</b>	<b>217,345.50</b>	<b>254,330.30</b>	<b>(128,935.24)</b>	<b>94.80</b>	<b>(10,512.30)</b>	<b>6,676.42</b>	<b>3,973,119.53</b>
<b>Fund Balances - End of Year</b>	<b>\$ 3,966,399.89</b>	<b>\$ 70,201.24</b>	<b>\$ 199,655.66</b>	<b>\$ (5,771.12)</b>	<b>\$ 167,622.55</b>	<b>\$ 276,003.45</b>	<b>\$ 4.24</b>	<b>\$ (127,868.84)</b>	<b>\$ 2.63</b>	<b>\$ 12,042.59</b>	<b>\$ 4,558,294.29</b>

See accompanying notes to financial statements.

City of Marion, Illinois  
General Fund  
Summary of Expenditures by Department  
For the year ended April 30, 2014

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
<b>General Government</b>					
<b>Public Affairs - Mayor and Liquor Commissioner</b>					
<b>Personnel</b>					
Salaries - elected	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 45,000.00	\$ -
Employer payroll taxes	3,144.54	0.46	3,145.00	3,146.00	(1.00)
Insurance - hospitalization and life	11,710.80	(0.80)	11,710.00	11,711.00	(1.00)
Insurance - workmen's compensation	201.00	-	201.00	201.00	-
<b>Contractual services</b>					
Dues and license	300.00	-	300.00	300.00	-
Telephone and paging	324.71	(9.71)	315.00	315.00	-
Training	2,317.95	0.05	2,318.00	2,318.00	-
Travel	1,053.59	(540.59)	513.00	513.00	-
<b>Commodities</b>					
Office expense	26.00	160.00	186.00	186.00	-
<b>Capital outlay</b>					
Equipment	159.80	0.20	160.00	160.00	-
<b>Public Affairs - Building and Zoning</b>					
<b>Personnel</b>					
Salaries - employees	135,266.74	(2,215.74)	133,051.00	133,060.00	(9.00)
IMRF expense	15,923.11	(0.11)	15,923.00	15,925.00	(2.00)
Employer payroll taxes	10,235.51	(0.51)	10,235.00	10,235.00	-
Insurance - hospitalization and life	10,293.11	(0.11)	10,293.00	10,330.00	(37.00)
Insurance - workmen's compensation	10,486.00	(678.00)	9,808.00	9,910.00	(102.00)
<b>Contractual services</b>					
Advertising	37.28	(0.28)	37.00	40.00	(3.00)
Attorney fees	27,839.93	1,763.07	29,603.00	29,605.00	(2.00)
Dues and license	5,125.00	375.00	5,500.00	5,500.00	-
Insurance - liability	2,180.00	-	2,180.00	2,200.00	(20.00)
Maintenance - vehicles	639.50	0.50	640.00	650.00	(10.00)
Postage	846.48	(0.48)	846.00	850.00	(4.00)
Professional fees	-	-	-	125.00	(125.00)
Telephone and paging	2,736.08	(182.08)	2,554.00	2,560.00	(6.00)
Training	-	-	-	500.00	(500.00)
Trash disposal	125.00	-	125.00	125.00	-
<b>Commodities</b>					
Office expense	1,701.53	322.47	2,024.00	2,050.00	(26.00)
Fuel / oil - vehicles	2,261.34	(41.34)	2,220.00	2,220.00	-
Supplies - operating	512.13	(17.13)	495.00	500.00	(5.00)
Supplies - software	-	508.00	508.00	550.00	(42.00)
<b>Capital outlay</b>					
Equipment	139.88	0.12	140.00	150.00	(10.00)
<b>Public Affairs - Mosquito Abatement</b>					
<b>Personnel</b>					
Salaries - employees	18,132.52	624.48	18,757.00	18,800.00	(43.00)
IMRF expense	2,005.83	0.17	2,006.00	2,010.00	(4.00)
Employer payroll taxes	1,297.14	(0.14)	1,297.00	1,310.00	(13.00)
<b>Contractual services</b>					
Dues and license	20.00	(20.00)	-	-	-
Maintenance - equipment	2,904.03	(0.03)	2,904.00	2,950.00	(46.00)
Training	175.00	-	175.00	250.00	(75.00)
<b>Commodities</b>					
Chemical expense	15,572.46	(3,348.46)	12,224.00	12,500.00	(276.00)
<b>Public Affairs - City Administrator</b>					
<b>Personnel</b>					
Salaries - employees	84,892.01	191.99	84,884.00	84,900.00	(16.00)
IMRF expense	9,670.43	(0.43)	9,670.00	9,690.00	(20.00)
Employer payroll taxes	6,215.63	0.37	6,216.00	6,230.00	(14.00)
Insurance - hospitalization and life	6,023.64	0.36	6,024.00	6,120.00	(96.00)
Insurance - workmen's compensation	386.00	(29.00)	357.00	390.00	(33.00)
<b>Contractual services</b>					
Consulting fees	-	-	-	100.00	(100.00)
Dues and license	-	-	-	50.00	(50.00)
Entertainment	419.38	(151.38)	268.00	400.00	(132.00)
Postage	-	-	-	100.00	(100.00)
Telephone and paging	1,689.72	26.28	1,716.00	1,725.00	(9.00)
Training	1,936.55	75.45	2,012.00	2,025.00	(13.00)
Travel	367.07	(0.07)	367.00	400.00	(13.00)
<b>Commodities</b>					
Office expense	702.15	(47.15)	655.00	670.00	(15.00)
<b>Capital outlay</b>					
Equipment	859.89	0.11	860.00	900.00	(40.00)
<b>Public Affairs - Parking</b>					
<b>Contractual services</b>					
Utilities	54.36	(54.36)	-	-	-
<b>Public Affairs - Safety</b>					

See accompanying notes to financial statements.

City of Marion, Illinois  
General Fund  
Summary of Expenditures by Department  
For the year ended April 30, 2014

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
<b>Personnel</b>					
Salaries - employees	58,214.59	(1,438.59)	56,776.00	56,800.00	(24.00)
IMRF expense	6,110.08	(0.08)	6,110.00	6,130.00	(20.00)
Employer payroll taxes	3,928.33	0.67	3,929.00	3,955.00	(26.00)
Insurance - hospitalization and life	17,563.00	-	17,563.00	17,600.00	(37.00)
Insurance - workmen's compensation	5,914.00	(561.00)	5,353.00	5,375.00	(22.00)
<b>Contractual services</b>					
Grant expenditures	63,616.28	3,242.72	66,859.00	66,900.00	(41.00)
Insurance - liability	2,214.00	-	2,214.00	2,225.00	(11.00)
ITECS	11,324.85	(97.85)	11,227.00	11,250.00	(23.00)
Maintenance - vehicles	(13.03)	765.03	752.00	800.00	(48.00)
Postage	5.85	0.15	6.00	10.00	(4.00)
Safety	650.99	0.01	651.00	655.00	(4.00)
Telephone and paging	2,290.12	(171.12)	2,119.00	2,150.00	(31.00)
<b>Commodities</b>					
Fuel / oil - vehicles	2,204.24	(37.24)	2,167.00	2,170.00	(3.00)
Office expense	458.93	0.07	459.00	500.00	(41.00)
Supplies - operating	917.08	(0.08)	917.00	950.00	(33.00)
Supplies - software	-	-	-	50.00	(50.00)
<b>Capital outlay</b>					
Equipment	8,299.99	1,099.01	9,399.00	9,400.00	(1.00)
<b>Public Affairs - Street Lighting</b>					
<b>Contractual services</b>					
Street lighting	130,224.54	(5,182.54)	125,042.00	155,000.00	(29,958.00)
<b>Capital outlay</b>					
Equipment	-	3,575.00	3,575.00	10,000.00	(6,425.00)
<b>Public Affairs - City Hall</b>					
<b>Personnel</b>					
Insurance - hospitalization and life	16,101.96	0.04	16,102.00	16,250.00	(148.00)
<b>Contractual services</b>					
Administration costs	13,475.23	(0.23)	13,475.00	13,500.00	(25.00)
Advertising	7,896.51	120.49	8,017.00	8,040.00	(23.00)
Arbitration and grievance fees	-	-	-	250.00	(250.00)
Attorney fees	50,105.70	6,655.30	56,761.00	56,800.00	(39.00)
Audit fees	23,891.00	-	23,891.00	23,900.00	(9.00)
Consulting fees	41,500.00	-	41,500.00	41,500.00	-
Demolition expense	17,800.00	-	17,800.00	18,000.00	(200.00)
Dues and license	3,198.00	-	3,198.00	3,200.00	(2.00)
Engineering	53,111.09	5,241.91	58,353.00	58,500.00	(147.00)
ESDA expense	240,898.23	2,727.77	243,626.00	243,850.00	(224.00)
Filing fees	5,296.00	72.00	5,368.00	5,375.00	(7.00)
Grant expenditures	45,918.48	(7,596.48)	38,322.00	38,325.00	(3.00)
Homeless shelter	9,905.99	31.01	9,937.00	9,950.00	(13.00)
Insurance - liability	77,136.27	(0.27)	77,136.00	77,200.00	(64.00)
Internet Access	405.52	22.48	428.00	500.00	(72.00)
JULIE expense	4,905.30	(1,216.30)	3,689.00	3,700.00	(11.00)
Lease of equipment	26,269.25	(0.25)	26,269.00	26,350.00	(81.00)
Janitorial service	11,711.54	(23.54)	11,688.00	11,700.00	(12.00)
Maintenance - buildings	7,486.94	3,377.06	10,864.00	11,000.00	(136.00)
Maintenance - equipment	3.59	0.41	4.00	25.00	(21.00)
Maintenance - grounds	-	2,145.00	2,145.00	2,250.00	(105.00)
Maintenance - lease	87.65	(87.65)	-	-	-
Pest control	540.00	-	540.00	550.00	(10.00)
Postage	483.48	561.52	1,045.00	1,050.00	(5.00)
Professional fees	260.00	-	260.00	275.00	(15.00)
Programs	173,699.49	2,946.51	176,646.00	176,850.00	(4.00)
Property taxes	3,833.10	(0.10)	3,833.00	3,830.00	(17.00)
Safety	1,340.68	(26.68)	1,314.00	1,325.00	(11.00)
Star Bonds expense	-	3,050.00	3,050.00	3,100.00	(50.00)
Street lighting	202.71	0.29	203.00	205.00	(2.00)
Telephone and paging	735.53	165.47	901.00	925.00	(24.00)
Tower expense	15,931.06	(3,999.06)	11,932.00	11,950.00	(18.00)
Trash disposal	1,727.83	0.17	1,728.00	1,750.00	(22.00)
Travel	236.10	(0.10)	236.00	250.00	(14.00)
Utilities	10,190.88	(1,184.88)	9,006.00	9,050.00	(44.00)
<b>Commodities</b>					
Office expense	2,073.72	148.28	2,222.00	2,225.00	(3.00)
Supplies - janitorial	20.82	(20.82)	-	-	-
Supplies - operating	5,191.50	(54.50)	5,137.00	5,150.00	(13.00)
<b>Capital outlay</b>					
Building	-	1,205.00	1,205.00	1,225.00	(20.00)
Equipment	4,374.04	(28.04)	4,346.00	4,350.00	(4.00)
Land acquisition	115,833.93	6,673.07	122,507.00	122,525.00	(18.00)
<b>Other expenditures</b>					
Debt redemption	106,059.75	(0.75)	106,059.00	106,120.00	(61.00)

See accompanying notes to financial statements.

City of Marlon, Illinois  
General Fund  
Summary of Expenditures by Department  
For the year ended April 30, 2014

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
Liability cash expense	6,500.00	-	6,500.00	6,550.00	(50.00)
<b>Public Affairs - Information Technology</b>					
<b>Personnel</b>					
Salaries - employees	47,906.05	(1,933.05)	45,973.00	46,000.00	(27.00)
IMRF expense	5,221.92	0.08	5,222.00	5,230.00	(8.00)
Employer payroll taxes	3,357.14	(0.14)	3,357.00	3,375.00	(18.00)
Insurance - hospitalization and life	5,997.48	0.52	5,998.00	6,035.00	(37.00)
Insurance - workmen's compensation	206.00	(7.00)	199.00	210.00	(11.00)
<b>Contractual services</b>					
Advertising	391.60	(391.60)	-	-	-
Dues and license	1,524.56	(1,059.56)	465.00	500.00	(35.00)
Hosting	5,665.84	(20.84)	5,645.00	5,650.00	(5.00)
Internet Access	920.17	129.83	1,050.00	1,060.00	(10.00)
Maintenance - equipment	75.00	-	75.00	100.00	(25.00)
Maintenance - vehicles	91.50	0.50	92.00	100.00	(8.00)
Professional fees	500.00	-	500.00	550.00	(50.00)
Telephone and paging	1,779.69	(508.69)	1,271.00	1,300.00	(29.00)
Training	2,364.07	(0.07)	2,364.00	2,400.00	(36.00)
<b>Commodities</b>					
Fuel / oil - vehicles	447.39	6.61	454.00	475.00	(21.00)
Office expense	129.04	29.96	159.00	175.00	(16.00)
Supplies - operating	3,714.25	(271.25)	3,443.00	3,450.00	(7.00)
Supplies - software	8,234.04	(2,700.04)	5,534.00	5,550.00	(18.00)
<b>Capital outlay</b>					
Equipment	1,733.46	(280.46)	1,453.00	1,475.00	(22.00)
<b>Treasurer's Office</b>					
<b>Personnel</b>					
Salaries - employees	234,498.40	(2,004.40)	232,494.00	232,525.00	(31.00)
IMRF expense	24,712.07	(0.07)	24,712.00	24,720.00	(8.00)
Employer payroll taxes	16,190.63	0.37	16,191.00	16,210.00	(19.00)
Insurance - hospitalization and life	59,771.24	(0.24)	59,771.00	59,800.00	(29.00)
Insurance - workmen's compensation	1,015.00	(66.00)	949.00	1,010.00	(61.00)
<b>Contractual services</b>					
Bank charges	2,791.52	0.48	2,792.00	2,800.00	(8.00)
Consulting fees	3,312.78	(937.78)	2,375.00	2,400.00	(25.00)
Dues and license	1,050.00	80.00	1,130.00	1,150.00	(20.00)
Insurance - liability	2,000.00	-	2,000.00	2,050.00	(50.00)
Late fees and finance charges	5.73	0.27	6.00	10.00	(4.00)
Lease of equipment	1,140.26	(142.26)	998.00	1,005.00	(7.00)
Maintenance - lease	32.07	(32.07)	-	-	-
Postage	1,300.00	-	1,300.00	1,350.00	(50.00)
Professional Fees, Other	852.50	0.50	853.00	900.00	(47.00)
Telephone and paging	661.60	(22.60)	639.00	650.00	(11.00)
Training	1,799.86	0.14	1,800.00	1,825.00	(25.00)
Travel	252.86	0.14	253.00	275.00	(22.00)
<b>Commodities</b>					
Office expense	5,921.49	507.51	6,429.00	6,450.00	(21.00)
Supplies - software	7,279.00	-	7,279.00	7,300.00	(21.00)
<b>Capital outlay</b>					
Equipment	2,681.42	(0.42)	2,681.00	2,700.00	(19.00)
<b>City Clerk</b>					
<b>Personnel</b>					
Salaries - employees	113,705.03	(226.03)	113,479.00	113,525.00	(46.00)
IMRF expense	12,804.99	0.01	12,805.00	12,810.00	(5.00)
Employer payroll taxes	8,517.79	(0.79)	8,517.00	8,530.00	(13.00)
Insurance - hospitalization and life	12,038.40	(0.40)	12,038.00	12,085.00	(47.00)
Insurance - workmen's compensation	514.00	(32.00)	482.00	500.00	(18.00)
<b>Contractual services</b>					
Bank and Finance Charges	411.61	0.39	412.00	425.00	(13.00)
Dues and license	675.00	-	675.00	695.00	(20.00)
Postage	671.30	(0.30)	671.00	675.00	(4.00)
Telephone and paging	814.05	(6.05)	808.00	850.00	(42.00)
Professional Fee, Other	1,600.00	-	1,600.00	1,625.00	(25.00)
Training	3,469.54	0.46	3,470.00	3,475.00	(5.00)
Travel	-	68.00	68.00	75.00	(7.00)
<b>Commodities</b>					
Office expense	3,800.02	(24.02)	3,776.00	3,780.00	(4.00)
Supplies - operating	731.00	(496.00)	235.00	250.00	(15.00)
Supplies - software	2,676.00	-	2,676.00	2,700.00	(24.00)
<b>Capital outlay</b>					
Equipment	1,762.04	(81.04)	1,681.00	1,700.00	(19.00)
<b>Public Property</b>					
<b>Personnel</b>					
Salaries - elected	15,000.00	-	15,000.00	15,000.00	-
Employer payroll taxes	1,147.50	0.50	1,148.00	1,150.00	(2.00)

See accompanying notes to financial statements.

**City of Marion, Illinois  
General Fund  
Summary of Expenditures by Department  
For the year ended April 30, 2014**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
Insurance - workmen's compensation	67.00	-	67.00	80.00	(13.00)
Contractual services					
Engineering	624.00	(624.00)	-	-	-
Rent	2,236.00	-	2,236.00	2,320.00	(84.00)
<b>Human Resources and Risk Management</b>					
<b>Personnel</b>					
Salaries - employees	54,320.89	(247.89)	54,073.00	54,075.00	(2.00)
IMRF expense	5,936.02	(0.02)	5,936.00	5,955.00	(19.00)
Employer payroll taxes	3,816.10	(0.10)	3,816.00	3,830.00	(14.00)
Insurance - hospitalization and life	7,981.85	0.15	7,982.00	8,045.00	(63.00)
Insurance - workmen's compensation	241.00	(6.00)	235.00	250.00	(15.00)
<b>Contractual services</b>					
Drug & other testing	1,312.49	519.51	1,832.00	1,840.00	(8.00)
Dues and license	185.00	-	185.00	200.00	(15.00)
Incentive program	5,480.81	0.19	5,481.00	5,490.00	(9.00)
Postage	11.40	(0.40)	11.00	25.00	(14.00)
Professional Fees, Other	-	-	-	15.00	(15.00)
Telephone and paging	2,017.33	(120.33)	1,897.00	1,900.00	(3.00)
Training	2,434.76	(74.76)	2,360.00	2,375.00	(15.00)
<b>Commodities</b>					
Office expense	869.60	108.40	976.00	990.00	(14.00)
Supplies - operating	97.40	(0.40)	97.00	100.00	(3.00)
<b>Capital outlay</b>					
Equipment	754.86	(294.86)	460.00	465.00	(5.00)
<b>Other expenditures</b>					
Workmen's compensation related expense	64.47	(0.47)	64.00	65.00	(1.00)
<b>Total General Government</b>	<b>\$ 2,590,310.41</b>	<b>\$ 7,647.59</b>	<b>\$ 2,597,958.00</b>	<b>\$ 2,640,250.00</b>	<b>\$ (42,292.00)</b>
<b>Public Health and Safety</b>					
<b>Animal Control</b>					
<b>Personnel</b>					
Salaries - employees	\$ 56,531.23	\$ (1,360.23)	\$ 55,171.00	\$ 55,180.00	\$ (9.00)
IMRF expense	5,904.55	0.45	5,905.00	5,910.00	(5.00)
Employer payroll taxes	3,788.33	2,280.67	6,077.00	6,085.00	(8.00)
Insurance - hospitalization and life	16,255.90	1.10	16,257.00	16,285.00	(28.00)
Insurance - workmen's compensation	1,913.00	(57.00)	1,856.00	1,860.00	(4.00)
<b>Contractual services</b>					
Dues and license	25.00	-	25.00	50.00	(25.00)
Internet Access	196.32	17.68	214.00	220.00	(6.00)
Maintenance - buildings	936.37	(0.37)	936.00	940.00	(4.00)
Maintenance - equipment	59.18	(4.18)	55.00	60.00	(5.00)
Maintenance - vehicles	452.76	(106.76)	346.00	350.00	(4.00)
Pest control	135.00	45.00	180.00	185.00	(5.00)
Telephone and paging	1,447.55	(146.55)	1,301.00	1,310.00	(9.00)
Utilities	2,291.07	(12.07)	2,279.00	2,300.00	(21.00)
Veterinarian fees	7,995.96	(241.96)	7,754.00	7,760.00	(6.00)
<b>Commodities</b>					
Boots, safety	70.60	0.40	71.00	100.00	(29.00)
Fuel / oil - vehicles	1,807.95	(25.95)	1,782.00	1,800.00	(18.00)
Office expense	223.47	(0.47)	223.00	225.00	(2.00)
Supplies - operating	8,649.69	718.31	9,368.00	9,400.00	(32.00)
Uniforms	742.70	(275.70)	467.00	475.00	(8.00)
<b>Capital outlay</b>					
Building	-	-	-	500.00	(500.00)
Equipment	8,047.48	(457.48)	7,590.00	8,650.00	(1,060.00)
<b>Other expenditures</b>					
Liability cash expense	200.00	-	200.00	200.00	-
Workmen's compensation related expense	675.70	66.30	742.00	750.00	(8.00)
<b>Emergency Management</b>					
<b>Personnel</b>					
Salaries - employees	31,785.93	967.07	32,753.00	33,000.00	(247.00)
IMRF expense	3,709.62	0.38	3,710.00	3,730.00	(20.00)
Employer payroll taxes	2,391.77	(0.77)	2,391.00	2,425.00	(34.00)
Insurance - hospitalization and life	4,461.98	1.02	4,463.00	4,500.00	(37.00)
Insurance - workmen's compensation	4,129.00	(47.00)	4,082.00	4,100.00	(18.00)
<b>Contractual services</b>					
Dues and license	65.00	-	65.00	75.00	(10.00)
Internet Access	689.71	1.29	671.00	675.00	(4.00)
Maintenance - buildings	6,868.18	(736.18)	6,132.00	6,150.00	(18.00)
Maintenance - equipment	250.00	91.00	341.00	350.00	(9.00)
Maintenance - vehicles	-	-	-	100.00	(100.00)
New hire expense	96.00	-	96.00	100.00	(4.00)
Pest control	350.00	(35.00)	315.00	325.00	(10.00)
Telephone and paging	1,569.63	(51.63)	1,518.00	1,600.00	(82.00)

See accompanying notes to financial statements.

**City of Marlon, Illinois**  
**General Fund**  
**Summary of Expenditures by Department**  
**For the year ended April 30, 2014**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
Training	944.85	598.15	1,543.00	1,550.00	(7.00)
Travel	-	-	-	100.00	(100.00)
Utilities	7,177.73	8.27	7,186.00	7,200.00	(14.00)
<b>Commodities</b>					
Fuel / oil - vehicles	-	-	-	100.00	(100.00)
Office expense	1,411.62	(88.62)	1,323.00	1,500.00	(177.00)
Supplies - janitorial	18.43	(0.43)	18.00	100.00	(82.00)
Supplies - operating	121.18	(90.18)	31.00	50.00	(19.00)
Supplies - software	-	-	-	100.00	(100.00)
<b>Capital outlay</b>					
Building	-	-	-	-	-
Equipment	2,432.93	(180.93)	2,252.00	37,300.00	(35,048.00)
<b>Lifeline payments</b>	280,000.00	(5,000.00)	275,000.00	275,000.00	-
<b>Police Department</b>					
<b>Personnel</b>					
Salaries - employees	2,661,544.22	(27,123.22)	2,634,421.00	2,634,550.00	(129.00)
IMRF expense	65,343.73	0.27	65,344.00	65,345.00	(1.00)
Police pension expense	592,000.00	-	592,000.00	700,000.00	(108,000.00)
Employer payroll taxes	68,328.56	0.44	68,329.00	68,355.00	(26.00)
Insurance - hospitalization and life	690,270.52	0.48	690,271.00	690,360.00	(89.00)
Insurance - workmen's compensation	120,897.00	(7,290.00)	113,607.00	113,625.00	(18.00)
<b>Contractual services</b>					
Advertising	405.35	(0.35)	405.00	425.00	(20.00)
Attorney fees	11,942.06	598.94	12,541.00	12,750.00	(209.00)
Consulting fees	225.00	-	225.00	250.00	(25.00)
Drugs and other testing	126.58	0.42	127.00	150.00	(23.00)
Dues and license	33,957.99	0.01	33,958.00	33,975.00	(17.00)
Enhanced 911	39,437.21	(1,073.21)	38,364.00	38,400.00	(36.00)
Grant expenditures	9,925.12	(0.12)	9,925.00	9,950.00	(25.00)
Insurance - liability	69,025.00	-	69,025.00	69,050.00	(25.00)
Internet Access	1,217.20	(43.20)	1,174.00	1,175.00	(1.00)
Investigations	3,771.39	(166.39)	3,605.00	3,625.00	(20.00)
Late fees and finance charges	42.50	(46.50)	(4.00)	-	(4.00)
Lease of equipment	3,499.29	193.71	3,693.00	3,700.00	(7.00)
Janitorial service	12,106.26	(6.26)	12,100.00	12,200.00	(100.00)
Maintenance - buildings	8,967.28	(274.28)	8,693.00	8,700.00	(7.00)
Maintenance - equipment	6,823.68	4,397.32	11,221.00	11,225.00	(4.00)
Maintenance - grounds	1,705.11	(594.11)	1,111.00	1,125.00	(14.00)
Maintenance - lease	160.34	(160.34)	-	-	-
Maintenance - systems	17,172.40	(2,879.40)	14,293.00	14,300.00	(7.00)
Maintenance - vehicle	18,667.38	885.62	19,553.00	19,575.00	(22.00)
Major vehicle repair	4,322.95	1,013.05	5,336.00	5,350.00	(14.00)
New hire expense	9,047.41	1,000.59	10,048.00	10,050.00	(2.00)
Postage	1,581.11	19.89	1,581.00	1,600.00	(19.00)
Rent	3,600.00	-	3,600.00	3,650.00	(50.00)
Safety	60.00	-	60.00	75.00	(15.00)
Telephone and paging	16,841.83	(1,320.83)	15,521.00	15,525.00	(4.00)
Training	21,614.75	(515.75)	21,099.00	21,100.00	(1.00)
Utilities	18,000.08	(275.08)	17,725.00	17,750.00	(25.00)
<b>Commodities</b>					
Fuel / oil - vehicles	87,904.86	(8,253.86)	79,651.00	79,700.00	(49.00)
K-9 Unit	2,245.38	19.62	2,265.00	2,275.00	(10.00)
Office expense	11,959.61	66.39	12,026.00	12,050.00	(24.00)
Supplies - janitorial	-	-	-	50.00	(50.00)
Supplies - operating	6,064.23	273.77	6,338.00	6,350.00	(12.00)
Supplies - software	189.00	59.00	248.00	250.00	(2.00)
Uniforms	26,437.54	(114.54)	26,323.00	26,350.00	(27.00)
<b>Capital outlay</b>					
Building	10,730.00	275.00	11,005.00	11,025.00	(20.00)
Equipment	308,988.19	(9,855.19)	299,133.00	299,925.00	(792.00)
<b>Other expenditures</b>					
Debt redemption	108,912.57	0.43	108,913.00	108,935.00	(22.00)
Liability cash expense	9,511.28	(0.28)	9,511.00	9,525.00	(14.00)
Workmen's compensation related expense	8,568.82	(172.82)	8,396.00	8,400.00	(4.00)
<b>Fire Department</b>					
<b>Personnel</b>					
Salaries - elected	15,000.00	-	15,000.00	15,000.00	-
Salaries - employees	1,566,606.95	(12,310.95)	1,554,296.00	1,554,325.00	(29.00)
Firemen pension expense	421,500.00	-	421,500.00	500,000.00	(78,500.00)
Employer payroll taxes	19,756.23	(0.23)	19,756.00	19,760.00	(4.00)
Insurance - hospitalization and life	450,029.66	0.34	450,030.00	450,070.00	(40.00)
Insurance - workmen's compensation	334,349.00	(6,085.00)	328,264.00	328,265.00	(1.00)
<b>Contractual services</b>					
Drugs and other testing	128.00	-	128.00	150.00	(22.00)
Dues and license	1,376.50	0.50	1,377.00	1,380.00	(3.00)

See accompanying notes to financial statements.

**City of Marion, Illinois  
General Fund  
Summary of Expenditures by Department  
For the year ended April 30, 2014**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
Grants	126,238.15	(0.15)	126,238.00	251,225.00	(124,987.00)
Internet Access	430.23	56.77	487.00	500.00	(13.00)
Insurance - liability	43,638.00	-	43,638.00	43,650.00	(12.00)
Janitorial service	-	-	-	50.00	(50.00)
Lease of equipment	914.52	0.48	915.00	925.00	(10.00)
Maintenance - buildings	7,504.18	(4,956.18)	2,548.00	2,550.00	(2.00)
Maintenance - grounds	-	-	-	50.00	(50.00)
Maintenance - equipment	12,171.37	(2,755.37)	9,416.00	9,450.00	(34.00)
Maintenance - hydrant	734.04	251.96	986.00	1,000.00	(14.00)
Maintenance - lease	32.07	(32.07)	-	-	-
Maintenance - vehicle	17,516.12	(721.12)	16,795.00	16,800.00	(5.00)
New hire expense	450.63	845.37	1,296.00	1,300.00	(4.00)
Pest control	540.00	-	540.00	550.00	(10.00)
Programs	1,733.00	-	1,733.00	1,750.00	(17.00)
Telephone and paging	5,012.41	(167.41)	4,845.00	4,850.00	(5.00)
Training	14,482.40	2,972.60	17,455.00	17,475.00	(20.00)
Utilities	5,882.79	(71.79)	5,811.00	5,825.00	(14.00)
<b>Commodities</b>					
Boots, safety clothing	12,328.73	93.27	12,422.00	12,425.00	(3.00)
Fuel / oil - vehicles	15,663.05	454.95	16,118.00	16,120.00	(2.00)
Office expense	4,147.71	(1,403.71)	2,744.00	2,750.00	(6.00)
Small tools	4,133.05	295.95	4,429.00	4,450.00	(21.00)
Supplies - operating	4,148.33	247.67	4,396.00	4,400.00	(4.00)
Supplies - reimbursable	892.04	274.96	1,167.00	1,175.00	(8.00)
Supplies - software	0.00	-	0.00	50.00	(50.00)
Uniforms	17,500.00	-	17,500.00	17,500.00	-
<b>Capital outlay</b>					
Building	-	5,016.00	5,016.00	5,050.00	(34.00)
Equipment	106,000.12	(6,423.12)	99,577.00	99,600.00	(23.00)
<b>Other expenditures</b>					
Debt redemption	73,500.02	(0.02)	73,500.00	73,510.00	(10.00)
Workmen's compensation related expense	2,318.02	(369.02)	1,949.00	1,950.00	(1.00)
<b>Total Public Health and Safety</b>	<b>\$ 8,847,589.47</b>	<b>\$ (80,268.47)</b>	<b>\$ 8,767,321.00</b>	<b>\$ 9,119,350.00</b>	<b>\$ (352,029.00)</b>
<b>Streets, Alleys and Cemeteries</b>					
<b>Street Department</b>					
<b>Personnel</b>					
Salaries - elected	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -
Salaries - employees	1,022,182.95	(8,769.95)	1,013,413.00	1,013,475.00	(62.00)
IMRF expense	113,687.28	(0.28)	113,687.00	113,710.00	(23.00)
Employer payroll taxes	77,832.44	4,274.56	82,107.00	82,175.00	(68.00)
Insurance - hospitalization and life	221,334.01	(0.01)	221,334.00	221,435.00	(101.00)
Insurance - workmen's compensation	223,580.00	(1,843.00)	221,737.00	221,740.00	(3.00)
<b>Contractual services</b>					
Contract labor	9,560.00	-	9,560.00	9,600.00	(40.00)
Drugs and other testing	114.00	-	114.00	125.00	(11.00)
Dues and license	579.33	(0.33)	579.00	600.00	(21.00)
Engineering	5,085.25	(0.25)	5,085.00	5,100.00	(15.00)
Internet Access	257.18	135.82	393.00	400.00	(7.00)
Insurance - liability	33,202.00	-	33,202.00	33,225.00	(23.00)
Lease of equipment	715.67	0.33	716.00	725.00	(9.00)
Maintenance - building	1,118.58	(240.58)	878.00	900.00	(22.00)
Maintenance - equipment	29,716.56	(1,902.56)	27,814.00	27,825.00	(11.00)
Maintenance - street	9,462.09	(4,924.09)	4,538.00	4,550.00	(12.00)
Maintenance - vehicle	49,680.21	(2,453.21)	47,227.00	47,250.00	(23.00)
New hire expense	392.00	-	392.00	400.00	(8.00)
Pest control	860.00	170.00	1,030.00	1,050.00	(20.00)
Telephone and paging	4,595.82	(158.82)	4,437.00	4,450.00	(13.00)
Training	-	-	-	50.00	(50.00)
Utilities	26,698.23	307.77	27,006.00	27,025.00	(19.00)
<b>Commodities</b>					
Boots, safety clothing	5,041.97	484.03	5,526.00	5,600.00	(74.00)
Bulk oil	4,597.26	(0.26)	4,597.00	4,600.00	(3.00)
Cold mix	9,429.70	(1,091.70)	8,338.00	8,350.00	(12.00)
Chemical Expense	4,602.56	(124.56)	4,478.00	4,500.00	(22.00)
Fuel / oil - vehicles	131,168.61	1,350.39	132,519.00	132,525.00	(6.00)
Office expense	2,225.44	(55.44)	2,170.00	2,175.00	(5.00)
Paint	-	-	-	175.00	(175.00)
Salt	63,286.35	(0.35)	63,286.00	63,300.00	(14.00)
Small tools	7,042.88	1.12	7,044.00	7,050.00	(6.00)
Street signs	95,541.53	(8,155.53)	87,386.00	87,400.00	(14.00)
Supplies - operating	169,738.43	3,223.57	172,962.00	173,000.00	(38.00)
Supplies - road decals	-	-	-	1,435.00	(1,435.00)
Supplies - shop	27,716.32	(1,063.32)	26,653.00	26,700.00	(47.00)

See accompanying notes to financial statements.

**City of Marion, Illinois**  
**General Fund**  
**Summary of Expenditures by Department**  
**For the year ended April 30, 2014**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Over (Under)
Supplies - software	1,500.00	-	1,500.00	1,525.00	(25.00)
Uniforms	6,401.79	436.21	6,838.00	6,850.00	(12.00)
<b>Capital outlay</b>					
Construction costs	-	-	-	500.00	(500.00)
Building	34,753.51	420.49	35,174.00	35,200.00	(26.00)
New equipment purchases	195,004.80	656.20	195,661.00	195,700.00	(39.00)
Other expenditures					
Debt redemption	95,184.84	0.16	95,185.00	95,235.00	(50.00)
Workmen's compensation related expense	-	-	-	50.00	(50.00)
Liability cash expense	3,817.08	(0.08)	3,817.00	3,825.00	(8.00)
<b>Cemetery Department</b>					
<b>Personnel</b>					
Salaries - employees	314,081.22	(1,774.22)	312,307.00	312,500.00	(193.00)
IMRF expense	32,266.81	0.19	32,267.00	32,275.00	(8.00)
Employer payroll taxes	23,050.79	0.21	23,051.00	23,060.00	(9.00)
Insurance - hospitalization and life	38,197.08	(0.08)	38,197.00	38,245.00	(48.00)
Insurance - workmen's compensation	40,204.00	703.00	40,907.00	40,910.00	(3.00)
<b>Contractual services</b>					
Advertising	37.28	(37.28)	-	-	-
Contract labor	-	-	-	50.00	(50.00)
Engineering fees	38,000.00	-	38,000.00	38,255.00	(255.00)
Filing fees	-	-	-	500.00	(500.00)
Insurance - liability	20,820.00	-	20,820.00	20,850.00	(30.00)
Internet Access	257.77	34.23	292.00	305.00	(13.00)
Lease of equipment	3,526.52	(2,538.52)	988.00	1,000.00	(12.00)
Maintenance - buildings	3,210.13	(546.13)	2,664.00	2,675.00	(11.00)
Maintenance - grounds	9,411.13	(5,850.13)	3,561.00	3,575.00	(14.00)
Maintenance - equipment	13,244.84	208.16	13,453.00	13,475.00	(22.00)
Maintenance - leases	10.70	(10.70)	-	-	-
Maintenance - streets	260.40	(0.40)	260.00	275.00	(15.00)
Maintenance - vehicle	1,670.19	158.81	1,829.00	1,850.00	(21.00)
Monument repair and removal	450.00	-	450.00	475.00	(25.00)
New hire expense	627.00	-	627.00	650.00	(23.00)
Pest control	410.00	155.00	565.00	575.00	(10.00)
Telephone and paging	2,515.45	(170.45)	2,345.00	2,350.00	(5.00)
Utilities	6,374.89	(208.89)	6,166.00	6,175.00	(9.00)
<b>Commodities</b>					
Boots, safety clothing	691.45	223.55	915.00	925.00	(10.00)
Fuel / oil - vehicles	13,222.51	45.49	13,268.00	13,275.00	(7.00)
Office expense	515.86	250.14	766.00	775.00	(9.00)
Small tools	999.02	(0.02)	999.00	1,000.00	(1.00)
Supplies - operating	5,324.43	72.57	5,397.00	5,400.00	(3.00)
Supplies - Shop	43.91	0.09	44.00	50.00	(6.00)
Supplies - software	530.70	0.30	531.00	550.00	(19.00)
Uniforms	1,390.50	35.50	1,426.00	1,450.00	(24.00)
<b>Capital outlay</b>					
Building	37,652.43	64.57	37,717.00	37,800.00	(83.00)
Cemetery improvement	904.00	(585.00)	319.00	325.00	(6.00)
Equipment	11,240.22	2,516.78	13,757.00	13,800.00	(43.00)
Other expenditures					
Liability cash expense	2,158.14	(0.14)	2,158.00	2,175.00	(17.00)
Workmen's compensation related expense	541.18	(0.18)	541.00	550.00	(9.00)
<b>Total Streets, Alleys and Cemeteries</b>	<u>\$ 3,326,547.22</u>	<u>\$ (26,577.22)</u>	<u>\$ 3,299,970.00</u>	<u>\$ 3,304,605.00</u>	<u>\$. (4,635.00)</u>
<b>Development</b>					
Contractual services					
Administrative costs	\$ 13,084.00	\$ -	\$ 13,084.00	\$ 13,500.00	\$ (416.00)
Sales tax reimbursement program	210,827.00	(23,217.00)	187,610.00	187,625.00	(15.00)
Capital outlay					
Rehabilitation costs	17,643.00	6,200.00	23,843.00	137,500.00	(113,657.00)
Other expenditures					
Ball park payments	582,095.00	-	582,095.00	582,100.00	(5.00)
<b>Total Development</b>	<u>\$ 823,649.00</u>	<u>\$ (17,017.00)</u>	<u>\$ 806,632.00</u>	<u>\$ 920,725.00</u>	<u>\$ (114,093.00)</u>
<b>Total General Fund Expenditures</b>	<u>\$ 15,588,096.10</u>	<u>\$ (116,215.10)</u>	<u>\$ 15,471,881.00</u>	<u>\$ 15,984,930.00</u>	<u>\$ (513,049.00)</u>

See accompanying notes to financial statements.