

City of Marion, Illinois
Financial Statements
April 30, 2013

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GRAY HUNTER STENN LLP

A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

CERTIFIED PUBLIC ACCOUNTANTS

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MARION, ILLINOIS
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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, 2013, 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, 2013, 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 8-17 and 70-73 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 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 and the schedule of expenditures of federal awards 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 October 11, 2013, 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.

A handwritten signature in black ink that reads "Gray Hunter Stenn LLP". The signature is written in a cursive, flowing style.

Marion, Illinois
October 11, 2013

GRAY HUNTER STENN LLP

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CERTIFIED PUBLIC ACCOUNTANTS

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MARION, ILLINOIS
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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, 2013, 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 October 11, 2013.

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

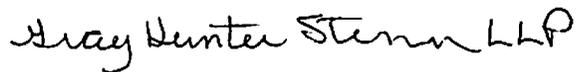
identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

A handwritten signature in cursive script that reads "Gray Hunter Stenn LLP".

Marion, Illinois
October 11, 2013

MARION, ILLINOIS
QUINCY, ILLINOIS

OAK BROOK, ILLINOIS
SYCAMORE, ILLINOIS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and Commissioners
City of Marion
Marion, Illinois

Report on Compliance for Each Major Federal Program

We have audited the City of Marion, Illinois' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Marion, Illinois' major federal programs for the year ended April 30, 2013. The City of Marion, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Marion, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Marion, Illinois' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Marion, Illinois' compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Marion, Illinois, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2013.

Report on Internal Control Over Compliance

Management of the City of Marion, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Marion, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Marion, Illinois' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Marion, Illinois
October 11, 2013

CITY OF MARION, ILLINOIS
MANAGEMENT'S DISCUSSION AND ANALYSIS

April 30, 2013

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 18).

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 18-19) 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 Assets (the "Unrestricted Net Assets") 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 19) 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 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.

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 20 and 22) 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 24-25) 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 21 and 23). 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 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 Assets:

Table 1
Statement of Net Assets
As of April 30, 2013
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$40,593	\$30,442	\$ 4,207	\$ 3,117	\$ 44,800	\$ 33,559
Capital assets	67,705	66,169	29,423	27,524	97,128	93,693
Total assets	\$108,298	\$96,611	\$ 33,630	\$ 30,641	\$ 141,928	\$ 127,252
Current liabilities	\$ 8,678	\$ 7,710	\$ 1,049	\$ 995	\$ 9,727	\$ 8,705
Noncurrent liabilities	40,412	31,271	14,279	12,092	54,691	43,363
Total liabilities	\$49,090	\$38,981	\$ 15,328	\$ 13,087	\$ 64,418	\$ 52,068
Net assets:						
Invested in capital assets, Net of related debt	\$48,989	\$48,419	\$ 16,047	\$ 16,062	\$ 65,036	\$ 64,481
Restricted	8,788	7,997	1,771	1,040	10,559	9,037
Unrestricted	1,431	1,214	484	452	1,915	1,666
Total net assets	\$59,208	\$57,630	\$ 18,302	\$ 17,554	\$ 77,510	\$ 75,184

For more detailed information see the Statement of Net Assets (page 18).

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 \$2.326 million increase of combined net assets (which is the City's bottom line) was the result of the governmental activities increasing by \$1.578 million and business-type activities increasing by \$748 thousand. Governmental restricted net assets had the largest increase at \$791 thousand. This increase was due to an increase in several restricted net asset types. Business-type restricted net assets increased by \$731 thousand. This increase was due to collecting sewer debt service revenue for future debt payments. For the current year the governmental activities total revenue exceeded the total expenses by \$1.481 million and business-type activities total revenue exceeded total expense by \$748 thousand. See Table 2 and the related explanation for further detail.

Changes in Net Assets

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

Table 2
Changes in Net Assets
For the Fiscal Year Ended April 30, 2013
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
REVENUES						
Program revenues:						
Charges for services	\$ 1,074	\$ 940	\$ 6,760	\$ 6,055	\$ 7,834	\$ 6,995
Operating grants and Contributions	956	1,372	-	-	956	1,372
Capital grants and Contributions	340	1,686	-	1,170	340	2,856
General revenues:						
Property taxes	5,715	5,877	-	-	5,715	5,877
Sales Tax (shared and Home rule)	13,555	13,231	-	-	13,555	13,231
Other taxes	3,990	2,956	-	-	3,990	2,956
Special items	-	(9,069)	-	-	-	(9,069)
Transfers	(138)	(646)	138	646	-	-
Other	183	250	45	26	228	276
Total Revenues	\$ 25,675	\$ 16,597	\$ 6,943	\$ 7,897	\$ 32,618	\$ 24,494
EXPENSES:						
General government	\$ 3,137	\$ 2,947	\$ -	\$ -	\$ 3,137	\$ 2,947
Public health and safety	7,988	7,739	-	-	7,988	7,739
Streets, alleys & cemeteries	4,288	3,850	-	-	4,288	3,850
Culture and recreation	2,384	2,379	-	-	2,384	2,379
Development	4,543	4,321	-	-	4,543	4,321
Debt service	724	762	-	-	724	762
Unallocated Depreciation	1,130	1,427	-	-	1,130	1,427
Water	-	-	3,394	3,352	3,394	3,352
Sewer	-	-	2,801	2,692	2,801	2,692
Total Expenses	\$ 24,194	\$ 23,425	\$ 6,195	\$ 6,044	\$ 30,389	\$ 29,469
Change in Net Assets	\$ 1,481	\$ (6,828)	\$ 748	\$ 1,853	\$ 2,229	\$ (4,975)

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:

After removing the effect of the special items from the prior year, total revenues increased by \$9 thousand. However if prior year revenues were reduced by a large donation of land in regards to a large road project in the amount of \$1.382 million, total revenues actually increased by \$1.391 million. At the beginning of the current year the City added a 5% hotel use and privilege tax which resulted in additional revenue of \$749 thousand. Sales tax increased by \$324 thousand which is a good sign for the City in light of the nation's economic woes. Transfers to Business-type activities for waterline relocations paid with Governmental monies decreased by \$508 thousand.

Expenses:

Total expenses increased by \$769 thousand over the prior year. The largest single increase was in streets and alleys at \$438 thousand. Streets and alleys line item will fluctuate from year to year depending upon amount of repairs and maintenance from year to year. Payroll expense increased by \$445 thousand (5.5%). This increase is due to annual raises and increase in the work force. Hospitalization insurance expense increased by \$112 thousand (5.9%) 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 \$954 thousand from the prior year. The decrease was attributable to \$1.094 million of capital grants received in the prior year for two large sewer projects which were completed during the current year. Charges for services increased \$705 thousand over prior year. This increase was a combination of updating water meters and a drought in the summer of 2012 which caused increased usage. Transfers were down by \$508 thousand due to less water relocations being paid with Tax Increment Financing funds and transferred to the Water Department.

Expenses:

Total expenses increased \$151 thousand over the prior year with the Water Department having a \$42 thousand increase over prior year with the Sewer Department having a \$109 thousand increase over prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds

At April 30, 2013, the governmental funds (as presented on the balance sheet on page 20) reported a fund balance of \$28.584 million. However this amount includes 7.844 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 \$20.74 million, which is a 8.37% increase from the beginning of the year (\$19.138 million). Of the total fund balance of \$28.584 million, \$8.103 million is unassigned general fund types indicating availability for the continuing City services. Total general fund types revenue increased by \$1.177 million from prior year. Increase is attributable to the a \$324 thousand increase in sales tax, a \$171 thousand increase in intergovernmental revenues of which \$170 thousand was from state income tax, a \$789 thousand increase in other taxes and franchise fee of which \$749 thousand was as a result of a new 5% hotel use and privilege tax. The remaining income categories had a decrease \$107 thousand over the prior year. TIF Redevelopment Funds fund balance increased \$543 thousand from prior year. Increase was the result of a decrease in expenditures.

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.

General Fund	Original Budget	Amended Budget	Actual
Expenditures			
General government	\$ 3,447	\$ 3,796	\$ 3,677
Public health and safety	7,937	8,119	7,476
Streets, alleys & Cemeteries	2,958	2,970	2,870
Cultural & recreation Development	2,002 730	2,238 1,177	2,152 1,127
Total	\$ 17,074	\$ 18,300	\$ 17,302

Capital Assets

At the end of Fiscal year 2013, the City's Governmental Funds had invested \$67.7 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)**

	Balance April 30, 2012	Net Additions/ Deletions	Balance April 30, 2013
Non-depreciable Assets			
Land	\$ 23,888	\$ 158	\$ 24,046
Construction in Progress	2,640	2,476	5,116
Other Capital Assets			
Infrastructure	49,490	416	49,906
Parking Lot Improvements	92	-	92
Buildings	19,485	14	19,499
Machinery and Equipment	2,786	201	2,987
Vehicles	3,434	159	3,593
Software	86	-	86
Land Improvements	220	26	246
Less Accumulated Depreciation on Other Capital Assets	(35,952)	(1,914)	(37,866)
Totals	\$ 66,169	\$ 1,536	\$ 67,705

The increase in construction in progress was due to several large street projects totaling \$2.3 million with a total of \$415 thousand being transferred into infrastructure.

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, 2013 the City had total long-term debt and loans payable of \$50.25 million.

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

	Balance April 30, 2012	Net Additions/ Deletions	Balance April 30, 2013
Governmental Activities			
General Obligation Debt	\$ 19,675	\$ 8,244	\$ 27,919
Other Contractual Liabilities	8,833	(29)	8,804
Governmental Activities Total	28,508	8,215	36,723
Business Activities			
General Obligation Debt	4,494	(332)	4,162
Other Contractual Liabilities	7,001	2,365	9,366
Business Activities Total	11,495	2,033	13,528
Total Long-Term Debt	\$ 40,003	\$ 10,248	\$ 50,251

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 20, 2012 issued \$9.720 million General Obligation Bonds. These bonds will be used to help pay for the several large road projects and the new HUB Recreation Center.

The Sewer Department during the year received \$2,784 million in loan proceeds from the Illinois Environmental Protection Agency for two large construction projects which were completed during the year.

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 7.2% in April 2013, and a high of 10.3% in February 2013. The 12 month unemployment average for the fiscal year was 8.6%. Contrary to the preceding economic factors commercial building permits increased 25% in cost of the buildings, while decreasing in the number of issued permits by 47%, new home permits showed a increase in the building permits 45% year over year, even though the permit dollar amount in these homes decreased 31%, and apartment building permits saw an decrease of 21% A total of 67 building permits were issued in the fiscal year which includes apartments, additions, commercial and homes compared to 80 in the previous year permits, whereas, the total dollars invested in these buildings was \$24,256,517.00 compared to 2012's \$22,073,676.

Economic growth is still on the rise as shown by a stable and slightly increasing retail sales tax. Aisin Electronics broke ground in May expanding their production facility with 108,000 expansion creating a 34% increase in their workforce. Other retail stores have added to the Marion economy and two franchise restaurants have opened in 2013. In addition the one-million square foot building now known as I57 Logistics Center, formerly known as Circuit City Distribution Center has been purchased and its new landlord is actively seeking a new tenant.

The City continues to be optimistic about future economic growth predictions and has committed \$18,000,000 to road projects and infrastructure to improve accessibility to prime development site locations.

CONTACTING THE CITY'S 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 Assets
April 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 19,597,496.23	\$ 1,496,491.87	\$ 21,093,988.10
Restricted cash	1,431,733.22	1,771,423.96	3,203,157.18
Investments	4,062,996.43	-	4,062,996.43
Restricted investments	95,198.67	-	95,198.67
Receivables, net			-
Property taxes	6,563,125.31	-	6,563,125.31
Sales taxes	3,292,715.61	-	3,292,715.61
Accrued interest	59,699.62	-	59,699.62
Accounts receivable	241,570.06	564,357.54	805,927.60
Loans receivable	1,115,964.26	-	1,115,964.26
Bonds receivable	2,570,000.00	-	2,570,000.00
Due from other governments	769,080.17	85,068.60	854,148.77
Inventories	-	212,779.87	212,779.87
Capital assets, non-depreciable	29,161,630.45	3,683,216.43	32,844,846.88
Capital assets, net of accumulated depreciation	38,543,048.92	25,739,954.14	64,283,003.06
Due from other funds	18,453.29	(17,079.30)	1,373.99
Net pension asset	385,133.00	-	385,133.00
Other assets	389,190.66	94,118.33	483,308.99
Total Assets	\$ 108,297,035.90	\$ 33,630,331.44	\$ 141,927,367.34
Liabilities			
Accounts payable	\$ 1,357,295.48	337,009.62	\$ 1,694,305.10
Accrued payroll	180,155.66	27,122.97	207,278.63
Accrued payroll related expenses	66,172.92	-	66,172.92
Accrued interest payable	180,838.25	42,709.09	223,547.34
Accrued vacation payable	329,790.93	76,479.76	406,270.69
Customer deposits	-	566,419.65	566,419.65
Deferred Revenues	6,563,125.31	-	6,563,125.31
Long-term liabilities			
Due within one year	2,084,106.33	928,604.53	3,012,710.86
Due in more than one year	34,308,874.40	12,522,666.43	46,831,540.83
Other liabilities	4,019,433.00	827,292.00	4,846,725.00
Total Liabilities	\$ 49,089,792.28	\$ 15,328,304.05	\$ 64,418,096.33
Net Assets			
Invested in capital assets, net of related debt	\$ 48,988,714.02	\$ 16,023,308.85	\$ 65,012,022.87
Restricted for:			
Donor restricted expenditures	157,522.04	-	157,522.04
Future loans	1,552,740.57	-	1,552,740.57
Public safety expenditures	429,499.88	-	429,499.88
Development	3,973,119.53	-	3,973,119.53
Debt Service	1,240,422.26	1,771,423.96	3,011,846.22
Maintenance of roadways	1,434,439.92	-	1,434,439.92
Unrestricted	1,430,785.40	507,294.58	1,938,079.98
Total Net Assets	\$ 59,207,243.62	\$ 18,302,027.39	\$ 77,509,271.01

See accompanying notes to financial statements.

City of Marion, Illinois
Statement of Activities
For the Year Ended April 30, 2013

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
Governmental Activities							
General government	\$ 3,137,439.31	\$ 212,297.56	\$ 182,016.08	\$ -	\$ (2,743,125.67)		\$ (2,743,125.67)
Public health and safety	7,987,798.19	279,994.76	231,767.27	-	(7,476,036.16)		(7,476,036.16)
Streets, alleys and cemeteries	4,287,757.66	175,840.00	495,301.50	26,317.80	(3,590,298.36)		(3,590,298.36)
Culture and recreation	2,383,391.58	367,452.21	46,773.47	6,749.51	(1,962,416.39)		(1,962,416.39)
Development	4,543,136.54	38,533.78	-	308,566.00	(4,198,036.76)		(4,198,036.76)
Debt service	724,104.61	-	-	-	(724,104.61)		(724,104.61)
Unallocated depreciation expense	1,129,993.49	-	-	-	(1,129,993.49)		(1,129,993.49)
Total Governmental Activities	\$ 24,193,621.38	\$ 1,074,118.31	\$ 955,858.32	\$ 339,633.31	\$ (21,824,011.44)		\$ (21,824,011.44)
Business-Type Activities							
Water	\$ 3,394,232.36	\$ 3,654,870.69	\$ -	\$ -		\$ 260,638.33	\$ 260,638.33
Sewer	2,800,923.81	3,105,602.38	-	-		304,678.57	304,678.57
Total Business-Type Activities	\$ 6,195,156.17	\$ 6,760,473.07	\$ -	\$ -		\$ 565,316.90	\$ 565,316.90
Totals	\$ 30,388,777.55	\$ 7,834,591.38	\$ 955,858.32	\$ 339,633.31	\$ (21,824,011.44)	\$ 565,316.90	\$ (21,258,694.54)
General Revenues							
Taxes							
Property taxes					\$ 5,715,303.72	\$ -	\$ 5,715,303.72
Sales taxes					13,554,578.90	-	13,554,578.90
Other taxes and franchise fees					2,339,509.45	-	2,339,509.45
Intergovernmental					1,650,930.71	-	1,650,930.71
Investment income					76,052.02	2,085.48	78,137.50
Miscellaneous					64,204.56	42,626.64	106,831.20
Gain (loss) on sale of capital assets					42,240.82	-	42,240.82
Transfers					(137,772.33)	137,772.33	-
Total General Revenues, Special Items, and Transfers					\$ 23,305,047.85	\$ 182,484.45	\$ 23,487,532.30
Change in Net Assets					\$ 1,481,036.41	\$ 747,801.35	\$ 2,228,837.76
Net Assets - Beginning of Year					57,630,207.21	17,554,226.04	75,184,433.25
Prior period adjustment					96,000.00	-	96,000.00
Net Assets - End of Year					\$ 59,207,243.62	\$ 18,302,027.39	\$ 77,509,271.01

See accompanying notes to financial statements.

**City of Marion, Illinois
Governmental Funds
Balance Sheet
April 30, 2013**

	<u>General Fund</u>	<u>TIF Redevelopment Fund</u>	<u>General Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ 5,490,958.16	\$ 4,199,618.59	7,843,809.16	\$ 1,942,083.41	\$ 19,476,469.32
Restricted cash and cash equivalents	218,004.97	-	-	1,240,422.26	1,458,427.23
Investments	4,062,814.87	-	-	1,842.06	4,064,656.93
Restricted investments	68,504.66	-	-	-	68,504.66
Property taxes receivable	1,306,903.65	4,776,014.00	-	480,207.66	6,563,125.31
Sales taxes receivable	3,292,715.61	-	-	-	3,292,715.61
Accrued interest receivable	12,582.95	-	-	-	12,582.95
Loans receivable	-	-	-	1,115,964.26	1,115,964.26
Due from other funds	-	14,627.50	-	228,613.86	243,241.36
Due from other governments	758,661.93	-	-	93,483.88	852,145.81
Accounts receivable	75,760.46	-	-	82,743.96	158,504.42
Total Assets	<u>\$ 15,286,907.26</u>	<u>\$ 8,990,260.09</u>	<u>\$ 7,843,809.16</u>	<u>\$ 5,185,361.35</u>	<u>\$ 37,306,337.86</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 286,580.01	\$ 241,126.56	\$ 625,377.02	\$ 204,211.89	\$ 1,357,295.48
Due to other funds	225,577.46	-	-	668.00	226,245.46
Deferred revenue	1,156,903.65	4,776,014.00	-	630,207.66	6,563,125.31
Accrued payroll	180,155.66	-	-	-	180,155.66
Accrued vacation	329,790.93	-	-	-	329,790.93
Accrued payroll related expenses	66,172.92	-	-	-	66,172.92
Total Liabilities	<u>\$ 2,245,180.63</u>	<u>\$ 5,017,140.56</u>	<u>\$ 625,377.02</u>	<u>\$ 835,087.55</u>	<u>\$ 8,722,785.76</u>
Fund Balances					
Nonspendable	\$ -	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00
Restricted	207,692.76	3,973,119.53	7,218,432.14	4,349,273.80	15,748,518.23
Assigned	72,522.95	-	-	-	72,522.95
Committed	4,658,747.50	-	-	-	4,658,747.50
Unassigned	8,102,763.42	-	-	-	8,102,763.42
Total Fund Balances	<u>\$ 13,041,726.63</u>	<u>\$ 3,973,119.53</u>	<u>\$ 7,218,432.14</u>	<u>\$ 4,350,273.80</u>	<u>\$ 28,583,552.10</u>
Total Liabilities and Fund Balances	<u>\$ 15,286,907.26</u>	<u>\$ 8,990,260.09</u>	<u>\$ 7,843,809.16</u>	<u>\$ 5,185,361.35</u>	<u>\$ 37,306,337.86</u>

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 Assets
April 30, 2013

Total Fund Balances of Governmental Funds	\$ 28,583,552.10
Amounts reported for governmental activities in the Statement of Net Assets 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.	67,704,679.37
Interest payable is recorded in the Statement of Activities when incurred; these costs are recorded in governmental funds as expense when paid.	(180,838.25)
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 Assets.	120,823.80
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 bond issue costs, OPEB costs and pension assets.	<u>(37,020,973.40)</u>
Net Assets of Governmental Activities	<u><u>\$ 59,207,243.62</u></u>

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, 2013**

	General Fund	TIF Redevelopment Fund	General Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 956,688.76	\$ 4,495,154.46	\$ -	\$ 631,655.50	\$ 6,083,478.72
Sales tax	13,554,578.90	-	-	-	13,554,578.90
Grant revenue	660,320.58	-	-	13,317.80	673,638.38
Licenses and permits	96,586.14	-	-	-	96,586.14
Intergovernmental revenue	1,650,930.71	-	-	493,701.50	2,144,632.21
Service charges and fees	689,294.78	-	-	155,156.59	844,451.37
Other taxes and franchise fees	1,793,194.56	-	-	593,965.40	2,387,159.96
Investment income	66,653.67	4,858.28	1,758.50	2,781.57	76,052.02
Miscellaneous revenue	262,600.70	-	-	90,000.00	352,600.70
Restricted donations	10,450.89	-	-	-	10,450.89
Total Revenues	\$ 19,741,279.69	\$ 4,500,012.74	\$ 1,758.50	\$ 1,980,578.36	\$ 26,223,629.29
Expenditures					
General government	\$ 3,726,045.99	\$ -	\$ -	\$ -	\$ 3,726,045.99
Public health and safety	7,489,573.67	-	-	107,188.61	7,596,762.28
Streets, alleys and cemeteries	2,896,413.05	334,225.37	2,319,139.81	961,352.51	6,511,130.74
Culture and recreation	2,125,502.46	-	-	-	2,125,502.46
Development	1,122,231.40	3,432,197.85	-	10,023.45	4,564,452.70
Debt Service	-	50,000.00	190,400.00	2,230,391.03	2,470,791.03
Total Expenditures	\$ 17,359,766.57	\$ 3,816,423.22	\$ 2,509,539.81	\$ 3,308,955.60	\$ 26,994,685.20
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,381,513.12	\$ 683,589.52	\$ (2,507,781.31)	\$ (1,328,377.24)	\$ (771,055.91)
Other Financing Sources (Uses)					
Transfers in (out)	\$ (1,557,734.63)	\$ (140,890.00)	\$ -	\$ 1,711,549.53	\$ 12,924.90
Proceeds from long-term debt	291,800.00	-	9,912,213.45	-	10,204,013.45
Total Other Financing Sources (Uses)	\$ (1,265,934.63)	\$ (140,890.00)	\$ 9,912,213.45	\$ 1,711,549.53	\$ 10,216,938.35
Net Change in Fund Balances	\$ 1,115,578.49	\$ 542,699.52	\$ 7,404,432.14	\$ 383,172.29	\$ 9,445,882.44
Fund Balances - Beginning of Year	11,967,577.34	3,430,420.01	(186,000.00)	3,967,101.51	19,179,098.86
Fund Balances - End of Year	\$ 13,083,155.83	\$ 3,973,119.53	\$ 7,218,432.14	\$ 4,350,273.80	\$ 28,624,981.30

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, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ 9,445,882.44
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	(10,204,013.45)
Governmental funds report capital outlay as expenditures; however, they are capitalized and depreciated in the Statement of Activities.	
Depreciation expense	\$ (2,104,700.49)
Capital assets transferred to other funds	(150,697.23)
Capital asset purchases, capitalized	<u>3,731,659.89</u>
	1,476,262.17
The effect of various transactions involving capital assets (sales, trade-ins, and contributions) is to increase net assets.	(39,627.07)
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.	(1,219,303.32)
Accrued interest expense on long-term debt is reported in the Statement of Activities and Changes in Net Assets, but does not require the use of current financial resources; therefore, accrued interest expense is not reported as expenditures in governmental funds.	73,666.74
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 Assets.	2,016,191.39
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>(68,022.49)</u>
Change in Net Assets of Governmental Activities	<u>\$ 1,481,036.41</u>

See accompanying notes to financial statements.

**City of Marion, Illinois
Proprietary Funds
Statement of Net Assets
April 30, 2013**

	<u>Enterprise Funds</u>		
	<u>Water Department</u>	<u>Sewer Department</u>	<u>Total Business- Type Activities</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 920,331.47	\$ 576,160.40	\$ 1,496,491.87
Accounts receivable, net	283,709.34	280,648.20	564,357.54
Due from other governments	-	85,068.60	85,068.60
Inventories	129,547.12	83,232.75	212,779.87
Restricted Assets			
Restricted Cash and cash equivalents	<u>531,608.15</u>	<u>1,239,815.81</u>	<u>1,771,423.96</u>
Total Current Assets	\$ 1,865,196.08	\$ 2,264,925.76	\$ 4,130,121.84
Non-Current Assets			
Capital assets, non-depreciable	3,640,788.43	42,428.00	3,683,216.43
Capital assets, net of accumulated depreciation	9,130,566.48	16,609,387.66	25,739,954.14
Other Assets			
Bond issue costs	<u>94,118.33</u>	<u>-</u>	<u>94,118.33</u>
Total Assets	\$ 14,730,669.32	\$ 18,916,741.42	\$ 33,647,410.74
Liabilities			
Current Liabilities			
Accounts payable	\$ 202,539.46	\$ 134,470.16	\$ 337,009.62
Due to other funds	8,582.19	6,915.00	15,497.19
Accrued payroll	12,951.08	14,171.89	27,122.97
Accrued interest payable	12,400.28	30,308.81	42,709.09
Accrued vacation payable	32,984.32	43,495.44	76,479.76
Notes payable, current	40,757.48	539,514.60	580,272.08
Bonds payable, current	<u>348,332.45</u>	<u>-</u>	<u>348,332.45</u>
Total Current Liabilities	\$ 658,547.26	\$ 768,875.90	\$ 1,427,423.16
Non-current liabilities			
Customer deposits	\$ 566,419.65	\$ -	\$ 566,419.65
Notes payable, long-term	428,832.30	8,280,387.52	8,709,219.82
Bonds payable, long-term	3,813,446.61	-	3,813,446.61
Other liabilities	<u>417,037.00</u>	<u>410,255.00</u>	<u>827,292.00</u>
Total Non-Current Liabilities	\$ 5,225,735.56	\$ 8,690,642.52	\$ 13,916,378.08
Total Liabilities	\$ 5,884,282.82	\$ 9,459,518.42	\$ 15,343,801.24
Net Assets			
Invested in capital assets, net of related debt	\$ 8,221,704.12	\$ 7,801,604.73	\$ 16,023,308.85
Restricted by ordinance	531,608.15	1,239,815.81	1,771,423.96
Unassigned	<u>93,074.23</u>	<u>415,802.46</u>	<u>508,876.69</u>
Total Net Assets	\$ 8,846,386.50	\$ 9,457,223.00	\$ 18,303,609.50

See accompanying notes to financial statements.

City of Marion, Illinois
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended April 30, 2013

	Enterprise Funds		Total Business- Type Activities
	Water Department	Sewer Department	
Operating Revenues			
Service charges and fees	\$ 3,641,071.80	\$ 3,103,761.38	\$ 6,744,833.18
Miscellaneous	45,859.74	852.31	46,712.05
Total Operating Revenues	\$ 3,686,931.54	\$ 3,104,613.69	\$ 6,791,545.23
Operating Expenses			
Personnel services	\$ 817,240.17	\$ 877,822.05	\$ 1,695,062.22
Contractual services	56,712.72	24,208.17	80,920.89
Utilities	69,996.30	241,999.26	311,995.56
Repairs and maintenance	96,176.29	169,387.07	265,563.36
Other supplies and expenses	225,019.99	328,090.57	553,110.56
Insurance claims and expenses	275,499.61	336,131.92	611,631.53
Water purchases	1,267,094.41	-	1,267,094.41
Depreciation	391,900.76	631,443.26	1,023,344.02
Total Operating Expenses	\$ 3,199,640.25	\$ 2,609,082.30	\$ 5,808,722.55
Operating Income (Loss)	\$ 487,291.29	\$ 495,531.39	\$ 982,822.68
Non-Operating Revenues (Expenses)			
Interest income	\$ 991.99	\$ 1,093.49	\$ 2,085.48
Rental income, net	9,713.48	-	9,713.48
Amortization expense	(17,200.84)	-	(17,200.84)
Interest expense	(170,923.19)	(181,013.48)	(351,936.67)
Total Non-Operating Revenues (Expenses)	\$ (177,418.56)	\$ (179,919.99)	\$ (357,338.55)
Income (Loss) Before Contributions and Transfers	\$ 309,872.73	\$ 315,611.40	\$ 625,484.13
Capital contributions	150,697.23	-	150,697.23
Transfers in (out)	(6,462.45)	(6,462.45)	(12,924.90)
Change in Net Assets	\$ 454,107.51	\$ 309,148.95	\$ 763,256.46
Net assets - Beginning of Year	\$ 8,392,278.99	\$ 9,148,074.05	\$ 17,540,353.04
Net Assets - End of Year	\$ 8,846,386.50	\$ 9,457,223.00	\$ 18,303,609.50

See accompanying notes to financial statements.

**City of Marion, Illinois
Proprietary Funds
Statement of Cash Flows
For the Year Ended April 30, 2013**

	Enterprise Funds		
	Water Department	Sewer Department	Total Business-Type Activities
Cash Flows from Operating Activities			
Receipts from customers	\$ 3,705,252.87	\$ 3,103,470.99	\$ 6,808,723.86
Payments to employees	(689,571.11)	(737,106.22)	(1,426,677.33)
Payments to suppliers of goods and services	(1,894,844.07)	(1,224,812.69)	(3,119,656.76)
Net Cash Provided (Used) by Operating Activities	\$ 1,120,837.69	\$ 1,141,552.08	\$ 2,262,389.77
Cash Flows From Noncapital Financing Activities			
Net operating transfers	\$ 427.24	\$ 537.55	\$ 964.79
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 427.24	\$ 537.55	\$ 964.79
Cash Flows from Capital and Related Financing Activities			
Proceeds from capital contributions and grants	\$ 150,697.23	\$ -	\$ 150,697.23
Interest paid on capital debt	(164,611.80)	(183,402.05)	(348,013.85)
Purchase of capital assets	(324,118.10)	(2,870,037.58)	(3,194,155.68)
Principal paid on capital debt	(374,251.44)	(453,659.04)	(827,910.48)
Proceeds from long-term debt	49,719.60	3,343,300.59	3,393,020.19
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ (662,564.51)	\$ (163,798.08)	\$ (826,362.59)
Cash Flows from Investing Activities			
Interest on investments	\$ 991.99	\$ 1,093.49	\$ 2,085.48
Rental income, net	9,713.48	-	9,713.48
Net Cash Provided (Used) by Investing Activities	\$ 10,705.47	\$ 1,093.49	\$ 11,798.96
Increase (Decrease) in Cash and Cash Equivalents	\$ 469,405.89	\$ 979,385.04	\$ 1,448,790.93
Cash and Cash Equivalents at Beginning of Year	982,533.73	836,591.17	1,819,124.90
Cash and Cash Equivalents at End of Year	<u>\$ 1,451,939.62</u>	<u>\$ 1,815,976.21</u>	<u>\$ 3,267,915.83</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 487,291.29	\$ 495,531.39	\$ 982,822.68
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ 391,900.76	\$ 631,443.26	\$ 1,023,344.02
Bad debts	2,850.78	2,112.29	4,963.07
(Increase) decrease in accounts receivable	15,470.55	(3,254.99)	12,215.56
(Increase) decrease in inventories	42,816.56	(20,430.50)	22,386.06
Increase (decrease) in customer deposits	35,629.92	-	35,629.92
Increase (decrease) in accounts payable	65,774.01	(52,450.12)	13,323.89
Increase (decrease) in accrued payroll	1,876.82	7,955.75	9,832.57
Increase (decrease) in other liabilities	77,227.00	80,645.00	157,872.00
Total adjustments	\$ 633,546.40	\$ 646,020.69	\$ 1,279,567.09
Net Cash Provided (Used) by Operating Activities	\$ 1,120,837.69	\$ 1,141,552.08	\$ 2,262,389.77

See accompanying notes to financial statements.

City of Marion, Illinois
Statement of Fiduciary Net Assets
April 30, 2013

	<u>Pension Trust Funds</u>
Assets	
Cash and cash equivalents	\$ 410,643.59
Receivables -	
Accrued interest receivable	38,843.10
Investments -	
U.S. Government and Agency obligations	3,498,379.26
Corporate Bonds	661,114.17
Bond Funds	2,562,272.02
Insurance Company Contracts	5,897,114.25
Mutual Funds	340,617.44
Certificates of Deposit	953,000.00
Stocks	<u>2,793,716.82</u>
Total Assets	<u>\$ 17,155,700.65</u>
Liabilities	
Due to other Funds	<u>\$ 1,374.00</u>
Total Liabilities	<u>\$ 1,374.00</u>
Net Assets Held in Trust for Pension Benefits	<u><u>\$ 17,154,326.65</u></u>

See accompanying notes to financial statements.

**City of Marion, Illinois
Pension Trust Funds
Statement of Changes in Plan Net Assets
For the Year Ended April 30, 2013**

Additions	
Contributions	
Employer	\$ 957,300.00
Plan Members	283,360.79
Miscellaneous Revenue	<u>6,858.56</u>
Total Contributions	<u>\$ 1,247,519.35</u>
Investment Income	
Net appreciation (depreciation) in fair value of investments	\$ 766,103.92
Interest and dividends	465,709.24
Investment expense	<u>(75,862.78)</u>
Net Investment Income	<u>\$ 1,155,950.38</u>
Total Additions	<u>\$ 2,403,469.73</u>
Deductions	
Benefits	\$ 1,096,035.87
Refunds of contributions	2,182.25
Administrative expense	<u>13,264.11</u>
Total Deductions	<u>\$ 1,111,482.23</u>
Net Increase	\$ 1,291,987.50
Net Assets Held in Trust for Pension Benefits -	
Beginning of Year	<u>15,862,339.15</u>
End of Year	<u>\$ 17,154,326.65</u>

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, 2013**

	<u>Balance May 01, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance April 30, 2013</u>
Southern Illinois Enforcement Group	<u>\$ -</u>	<u>\$ 142,011.29</u>	<u>\$ 142,011.29</u>	<u>\$ -</u>

See accompanying notes to financial statements.

City of Marion, Illinois
Notes to Financial Statements
April 30, 2013

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 Assets 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 Assets, 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 Assets. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. 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 assets 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 and Pavilion 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 Assets and Statement of Changes in Plan Net Assets, 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>
Major Governmental: 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.
Major Proprietary: 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.
Non-major Governmental: 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.
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.
Recreation Building Fund	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. Due to the State of Illinois being late in distributing the municipalities share of the state income tax, the City considers state income tax collected within 120 days to be available.

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 \$3,267,915.83 at April 30, 2013.

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 assets.

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. The Enterprise funds also contained unspent bond proceeds which are restricted by ordinance as to the purpose of the bonds. 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, 2013. 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. 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, 2013, the liability for sick leave is \$1,903,994.89.

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, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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 assets 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 assets - 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 assets - 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. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year ended April 30, 2013.

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 revenue.

The following are the taxes extended and collected, and assessed valuations for the calendar years 2010, 2011, and 2012:

	<u>2010 Taxes Payable in 2011</u>	<u>2011 Taxes Payable in 2012</u>	<u>2012 Taxes Payable in 2013</u>
<u>Taxes Extended</u>			
Real and personal	\$ 1,066,561	\$ 1,107,253	
<u>Total Taxes Extended</u>	<u>\$ 1,066,561</u>	<u>\$ 1,107,253</u>	<u>\$ 1,306,895</u>
<u>Add</u> - Current and back taxes and interest	\$ 4,487	\$ 634	
Trustee sale	185	127	
Forfeited taxes redeemed after settlement	715	12	
Trustee redemption	575	988	
Housing authority	3,073	3,201	
Taxes collected not extended			
- Special Service debt service	400,001	368,260	
- Road and Bridge	114,179	113,481	
- Tax Increment Financing	<u>4,659,550</u>	<u>4,495,154</u>	
<u>Total Additions</u>	<u>\$ 5,182,765</u>	<u>\$ 4,981,857</u>	
<u>Total</u>	<u>\$ 6,249,326</u>	<u>\$ 6,089,110</u>	
<u>Deduct</u> - Errors and corrections	\$ 2,030	\$ 3,694	
Forfeits	12	190	
Prior years abatement refund	868	887	
Amounts due from Trustee Program	<u>1,073</u>	<u>860</u>	
<u>Total Deductions</u>	<u>\$ 3,983</u>	<u>\$ 5,631</u>	
Income from Taxes	<u>\$ 6,245,343</u>	<u>\$ 6,083,479</u>	
<u>Assessed Valuation</u>	<u>\$ 278,599,212</u>	<u>\$ 288,136,960</u>	<u>\$ 286,807,293</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 20, 2012 and September 7, 2012. The City receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from 2011 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>2010</u>	<u>2011</u>	<u>2012</u>
Recreation		-	-	.05000
Bonds and interest	No Limit	.05385	.05206	.05230
Police Pension	No Limit	.20455	.19778	.20641
Fire Pension	No Limit	<u>.12443</u>	<u>.13444</u>	<u>.14696</u>
<u>Total</u>		<u>.38283</u>	<u>.38428</u>	<u>.45567</u>
<u>Extensions</u>		<u>2010</u>	<u>2011</u>	<u>2012</u>
Recreation	\$	-	\$ -	\$ 143,404
Bonds and interest		150,025	150,004	150,000
Police Pension		569,875	569,877	591,999
Fire Pension		<u>346,661</u>	<u>387,371</u>	<u>421,492</u>
	\$	<u>1,066,561</u>	<u>1,107,252</u>	<u>1,306,895</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, 2013, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit, was \$6,258,651.78 (excludes \$4,822.17 in petty cash held at the City). The bank balance was \$6,287,757.21. As of April 30, 2013, 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> </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, 2013, the depository banks used by the City had pledged \$4,314,065.77 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, 2013, the City had the following investments and maturities:

Investment Type	Book Value	Fair Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	More Than 10
Mutual Funds	\$ 340,617.44	\$ 340,617.44	\$ 340,617.44	\$ -	\$ -	\$ -
Common stocks	2,795,377.32	2,795,377.32	2,795,377.32	-	-	-
Municipal bonds	2,452,293.95	2,452,293.95	1,357,000.00	-	199,496.50	895,797.45
Federal Home Loan Mortgage Corp.	89,251.56	89,251.56	89,251.56	-	-	-
Federal National Mortgage Association	737,098.06	737,098.06	-	444,944.11	-	292,153.95
Government National Mortgage Association	1,660.59	1,660.59	-	-	655.90	1,004.69
United States Treasury	1,575,075.10	1,575,075.10	379,228.37	628,465.32	342,577.42	224,803.99
Insurance contracts - Fixed	1,582,765.77	1,582,765.77	410,860.92	578,011.06	593,893.79	-
Insurance contracts - Variable	4,314,348.48	4,314,348.48	N/A	-	-	-
Illinois Funds Money Market	22,196,786.08	22,196,786.08	22,196,786.08	-	-	-
Corporate Bonds	661,114.17	661,114.17	-	661,114.17	-	-
Bond Funds	<u>2,562,272.02</u>	<u>2,562,272.02</u>	<u>2,562,272.02</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$39,308,660.54</u>	<u>\$39,308,660.54</u>	<u>\$30,131,393.71</u>	<u>\$ 2,312,534.66</u>	<u>\$ 1,136,623.61</u>	<u>\$ 1,413,760.08</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.	\$ 828,010.21

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	\$ 1,028,254.78	6.77%
AIG Sun America	Insurance contract	1,403,926.80	9.24%
MetLife	Insurance contract	1,110,435.31	7.31%

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:

\$1,028,254.78 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.

\$1,403,926.80 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.

\$1,110,435.31 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, 2013, 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, 2013, the City had \$22,196,786.08 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, 2013.

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, 2013, 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	\$ 1,095,293.95
Bank of Marion Investment Services	<u>405.32</u>
	<u>\$ 1,095,699.27</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	\$ 405.32	9/15/2032	N/A	\$ 405.32	\$	\$	\$	\$
	FNMA	46,472.03	12/1/2024	N/A	46,472.03				
	FNMA	76,971.00	1/30/2017	N/A	76,971.00				
	FNMA	50,302.50	10/30/14	N/A	50,302.50				
	FNMA	1,006.45	2/1/2042	N/A	1,006.45				
	FNMA	3,974.66	1/1/2042	N/A	3,974.66				
	FNMA	29,996.61	5/1/2042	N/A	29,996.61				
	Federal Home Loan Mortgage	25,647.00	11/15/2013	N/A	25,647.00				
	Williamson County, IL	102,598.20	12/01/2020	N/A			102,598.20		
	Fisher Illinois Alt. Source	108,323.00	12/01/2024	N/A				108,323.00	
	Chicago Illinois Modern SCHS	111,268.00	12/01/2025	N/A			111,268.00		
	Cook Co. RFDG	82,651.50	11/15/2027	N/A			82,651.50		
	Cook Co. GO	84,400.50	11/15/2033	N/A			84,400.50		
	Carpentersville, IL	115,054.00	12/30/2030	N/A			115,054.00		
	Aurora, IL Library	71,755.50	12/30/2034	N/A			71,755.50		
	Clinton County, IL	79,783.20	12/1/2024	N/A				79,783.20	
	Winnebago County, IL	93,275.75	12/30/2029	N/A			93,275.75		
	Monroe and St. Clair Counties, IL	97,013.00	4/15/2027	N/A			97,013.00		
	Mt. Vernon, IL	52,273.00	12/15/2028	N/A			52,273.00		
	U. S. Treasury Note	33,809.94	8/15/2019	N/A	33,809.94				
	U. S. Treasury Note	52,038.48	2/15/2015	N/A	52,038.48				
	U. S. Treasury Note	50,047.00	1/31/2014	N/A	50,047.00				
	U. S. Treasury Note	29,111.25	11/15/2017	N/A	29,111.25				
	U. S. Treasury Note	76,231.80	4/15/2015	N/A	76,231.80				
	U. S. Treasury Note	33,434.71	2/15/2042	N/A	33,434.71				
	U. S. Treasury Note	29,971.99	11/15/2039	N/A	29,971.99				
	U. S. Treasury Note	64,401.70	2/15/2020	N/A	64,401.70				
	U. S. Treasury Note	57,017.67	5/31/2013	N/A	57,017.67				
	U. S. Treasury Note	23,017.02	2/15/2015	N/A	23,017.02				
	AIG Sun America	610,060.39	N/A	N/A					610,060.39
	Pacific Life Variable	78,812.47	N/A	N/A					78,812.47
	Pacific Life Fixed	103,559.04	N/A	N/A					103,559.04
	John Hancock Fixed	122,056.63	3/03/2020	N/A					122,056.63
	Security Benefit Choice Fixed	69,649.49	2/27/2014	N/A					69,649.49
	AIG Sun America - Variable	793,866.41	N/A	N/A					793,866.41
	Protective Fixed	330,689.75	11/17/2023	N/A					330,689.75
	Protective Fixed	141,147.41	12/08/2023	N/A					141,147.41
	MetLife Fixed	121,770.36	12/15/2014	N/A					121,770.36
	MetLife Fixed	127,595.64	12/15/2013	N/A					127,595.64
	MetLife Variable	1,028,254.78	N/A	N/A					1,028,254.78
	Investment Company of America	200,703.22	N/A	N/A					200,703.22
	Mainstay Funds	82,496.80	N/A	N/A					82,496.80
	Franklin Strategic Income Fund	14,196.42	N/A	N/A					14,196.42
	Black Rock Bond Series C	403,026.36	N/A	N/A					403,026.36
	Black Rock Bond Series M	326,690.10	N/A	N/A					326,690.10
	Anheuser-Busch	52,949.00	1/15/2015	Baa3				52,949.00	
	US Bancorp	25,600.50	5/15/2017	Baa3				25,600.50	
	General Electric	32,599.04	7/2/2015	Baa3				32,599.04	
	J P Morgan Chase	26,578.75	7/5/2016	Baa3				26,578.75	
	Wells Fargo & Co.	50,877.00	7/1/2015	Baa3				50,877.00	
Subtotal		\$ 6,425,432.34			\$ 683,857.13	\$ -	\$ 810,289.45	\$ 376,710.49	\$ 4,554,575.27

GRAY HUNTER STEIN 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
Fire Pension	GNMA Pool #370862	\$ 655.90	10/15/2023	N/A	\$ 655.90	\$	\$	\$	\$
	GNMA Pool #1924M	599.37	12/20/2024	N/A	599.37				
	FNMA	125,756.25	10/30/2014	N/A	125,756.25				
	FNMA	191,914.36	1/30/2017	N/A	191,914.36				
	FNMA	72,991.79	N/A	N/A	72,991.79				
	FNMA	131,236.31	12/1/2024	N/A	131,236.31				
	FNMA	1,338.94	11/1/2040	N/A	1,338.94				
	FNMA	1,043.83	3/1/2042	N/A	1,043.83				
	FNMA	4,093.33	10/1/2030	N/A	4,093.33				
	Federal Home Loan Mortgage Williamson County, Illinois	63,604.56 96,898.30	11/15/2013 12/01/2021	N/A N/A	63,604.56		96,898.30		
	U. S. Treasury Note	75,581.54	11/15/2039	N/A	75,581.54				
	U. S. Treasury Note	161,589.72	2/15/2020	N/A	161,589.72				
	U. S. Treasury Note	188,139.12	2/15/2015	N/A	188,139.12				
	U. S. Treasury Note	82,776.06	8/15/2019	N/A	82,776.06				
	U. S. Treasury Note	186,567.30	4/15/2015	N/A	186,567.30				
	U. S. Treasury Note	85,815.75	2/15/2042	N/A	85,815.75				
	U. S. Treasury Note	73,360.35	11/15/2017	N/A	73,360.35				
	U. S. Treasury Note	146,045.26	5/31/2013	N/A	146,045.26				
	U. S. Treasury Note	126,118.44	1/31/2014	N/A	126,118.44				
	Security Benefit Choice Fixed	110,044.35	N/A	N/A					110,044.35
	Pacific Life Variable	53,536.96	N/A	N/A					53,536.96
	AIG Sun America - Variable	108,561.86	N/A	N/A					108,561.86
	Pacific Life Fixed	12.40	N/A	N/A					12.40
	MetLife Fixed	456,240.70	12/10/2015	N/A					456,240.70
	MetLife Variable	1,110,435.31	N/A	N/A					1,110,435.31
	Pacific Life - Destinations	530,820.30	N/A	N/A					530,820.30
	Government Security Fund	43,221.00	N/A	N/A					43,221.00
	Anheuser-Busch	132,372.50	1/15/2015	Baa3				132,372.50	
	US Bancorp	64,513.26	5/15/2017	Baa3				64,513.26	
	General Electric	82,516.32	7/2/2015	Baa3				82,516.32	
	J P Morgan Chase	65,915.30	7/5/2016	Baa3				65,915.30	
	Wells Fargo & Co.	127,192.50	7/1/2015	Baa3				127,192.50	
	Black Rock Bond Series C	1,005,410.56	N/A	N/A					1,005,410.56
	Black Rock Bond Series M	827,145.00	N/A	N/A					827,145.00
Sub-Total		\$ 6,534,064.80			\$ 1,719,228.18	\$ -	\$ 96,898.30	\$ 472,509.80	\$ 3,945,428.44
General Fund Types									
General Fund	Lemont Park District	\$ 477,000.00	12/01/2013	N/A	\$ -	\$ -	\$ -	\$ -	\$ 477,000.00
	Round Lake Area Park District	300,000.00	10/15/2013	N/A	-	-	-	-	300,000.00
	Memorial Park District	580,000.00	12/15/2013	N/A	-	-	-	-	580,000.00
Sub-Total		\$ 1,357,000.00			\$ -	\$ -	\$ -	\$ -	\$ 1,357,000.00
Total Investments		\$14,316,497.14							

Reconciliation

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

Petty Cash	\$ 4,822.17
Carrying Amount of Deposits	28,467,901.30
Carrying Amount of Investments	<u>17,111,874.46</u>
	<u>\$ 45,584,597.93</u>
Cash and Cash Equivalents	\$ 24,720,188.87
Investments	<u>20,864,409.06</u>
	<u>\$ 45,584,597.93</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.

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 2012 was 12.01 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 2012 was \$535,730.

Three-Year Trend Information for the Regular Plan

Calendar Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	\$ 535,730	100%	\$ 0
12/31/11	460,163	100%	0
12/31/10	456,042	91%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 73.21 percent funded. The actuarial accrued liability for benefits was \$11,272,262 and the actuarial value of assets was \$8,251,875, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,020,387. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$4,460,701 and the ratio of the UAAL to the covered payroll was 68 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)
12/31/12	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%
12/31/10	8,524,429	11,298,331	2,773,902	75.45%	4,368,214	63.50%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$8,625,371. On a market basis, the funded ratio would be 76.52%.

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, 2013, the Fire Pension Plan membership consisted of:

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

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 1st 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, 2013, the City's contribution was 28.90% 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	\$ 530,820.30
MetLife	700,612.41
Black Rock Series C	1,005,410.56
Black Rock Series M	<u>827,145.00</u>
	<u>\$3,063,988.27</u>

C. Annual Pension Costs

Employer contributions have been determined as follows:

	<u>Fire Pension Fund</u>
Valuation Date	May 1, 2012
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	20 Years
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 Health 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, 2011	\$ 341,754
For the year ended April 30, 2012	\$ 394,868
For the year ended April 30, 2013	\$ 421,503
Actual Contribution	
For the year ended April 30, 2011	\$ 366,400
For the year ended April 30, 2012	\$ 384,670
For the year ended April 30, 2013	\$ 387,400

Percentage of ARC Contributed	
For the year ended April 30, 2011	107%
For the year ended April 30, 2012	97%
For the year ended April 30, 2013	92%

NPO (Asset)	
For the year ended April 30, 2011	\$ (217,300)
For the year ended April 30, 2012	\$ (206,824)
For the year ended April 30, 2013	\$ (171,980)

The NPO at April 30, 2013 has been calculated as follows:

	<u>Fire Pension</u>
Annual Required Contribution	\$ 421,503
Interest on Net Pension Obligation	(14,478)
Adjustment to Annual Required Contribution	<u>15,219</u>
Annual Pension Cost	\$ 422,244
Contributions Made	<u>387,400</u>
Increase (Decrease) in Net Pension Obligation	\$ 34,844
Net Pension Obligation (Asset) Beginning of Year	<u>(206,824)</u>
Net Pension Obligation (Asset) End of Year	<u><u>\$(171,980)</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, 2013, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Entitled to Benefits but not yet Receiving Them	20
Current Employees	
Vested	14
Nonvested	<u>16</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 1st 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, 2013, the City's contribution was 37.14% 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	\$ 1,028,254.78
AIG Sun America	793,866.41
AIG Sun America	<u>610,060.39</u>
	<u>\$2,432,181.58</u>

C. Annual Pension Costs

Employer contributions have been determined as follows:

	<u>Police Pension</u>
Valuation Date	May 1, 2012
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	20 Years

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 Health 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>
Annual Pension Costs (APC)	
For the year ended April 30, 2011	\$ 494,072
For the year ended April 30, 2012	\$ 554,610
For the year ended April 30, 2013	\$ 592,088
Actual Contribution	
For the year ended April 30, 2011	\$ 542,800
For the year ended April 30, 2012	\$ 569,900
For the year ended April 30, 2013	\$ 569,900
Percentage of ARC Contributed	
For the year ended April 30, 2011	110%
For the year ended April 30, 2012	103%
For the year ended April 30, 2013	96%
NPO (Asset)	
For the year ended April 30, 2011	\$(221,178)
For the year ended April 30, 2012	\$(236,184)
For the year ended April 30, 2013	\$(213,153)

The NPO at April 30, 2013 has been calculated as follows:

	<u>Police Pension</u>
Annual Required Contribution	\$ 592,088
Interest on Net Pension Obligation	(16,533)
Adjustment to Annual Required Contribution	<u>17,378</u>
Annual Pension Cost	\$ 592,933
Contributions Made	<u>569,900</u>
Increase (Decrease) in Net Pension Obligation	\$ 23,033
Net Pension Obligation (Asset) Beginning of Year	<u>(236,186)</u>
Net Pension Obligation (Asset) End of Year	<u>\$(213,153)</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 which is the sum of a, b, and c below.
 - a) Normal Cost is 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 is 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 of 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 for the year 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 and 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 4/30/2013					
	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	60,189	16,991	16,481	58,538	35,181	187,380
c. Adjustment to ARC	<u>(74,578)</u>	<u>(21,053)</u>	<u>(20,421)</u>	<u>(72,533)</u>	<u>(43,592)</u>	<u>(232,177)</u>
d. Annual OPEB cost (a+b+c)	\$ 445,329	\$ 130,279	\$ 155,842	\$ 665,297	\$ 304,997	\$ 1,701,744
e. Contributions made	<u>(128,332)</u>	<u>(53,052)</u>	<u>(75,197)</u>	<u>(239,273)</u>	<u>(106,747)</u>	<u>(602,601)</u>
f. Increase in OPEB obligation	\$ 316,997	\$ 77,227	\$ 80,645	\$ 426,024	\$ 198,250	\$ 1,099,143
g. Net OPEB obligation - beginning of year	<u>1,203,773</u>	<u>339,810</u>	<u>329,610</u>	<u>1,170,764</u>	<u>703,625</u>	<u>3,747,582</u>
h. Net OPEB obligation - end of year (f+g)	<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>

Exhibit 2 - 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

Funded Status and Funding Progress

As of April 30, 2013, the actuarial accrued liability for benefits was \$19,763,816. The covered payroll was approximately \$7,247,879, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 272.7%.

Actuarial Method and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and plan members) and include the benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

In the actuarial valuation for the fiscal year ended April 30, 2013, the entry age normal cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 4.5% after five years. Rates include a 2.5% general inflation assumption.

The Unfunded Accrued Actuarial Liability is being amortized as a level dollar amount over 30 years.

Exhibit 3 - Schedule of Funded Status and Funding Progress

The funded status of the plan as of April 30, 2013 was as follows:

	<u>Total</u>
1. Actuarial Accrued Liability (AAL)	\$ 19,763,816
2. Actuarial Value of Assets	0
3. Unfunded Actuarial Accrued Liability (UAAL)	\$ 19,763,816
4. Funded Ratio (2)/(1)	0%
5. Covered Payroll (Active Plan Members)	\$ 7,247,879
6. UAAL as a Percentage of Covered Payroll (3)/(5)	272.7%

Exhibit 4 - 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

SUMMARY OF ACTUARIAL ASSUMPTIONS AND COST METHOD

Assumptions

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

Claim Costs

<u>Coverage</u>	<u>Monthly Cost</u>
Medical pre-Medicare	\$ 598.05
Medical with Medicare	\$ 440.00
Dental	\$ 28.28
Vision	\$ 7.48

Mortality

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

Retirement - Representative rates by age:

<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 rates by age:

<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.

Age and Service Distribution as of April 30, 2011

ALL EMPLOYEES

Male Active Employee Participants

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20-24	2									2
25-29	10									10
30-34	12	9								21
35-39	5	6	5							16
40-44	3	5	4	3	2					17
45-49	1	2	2	4	2	1				12
50-54	2	1	1	2	3	5	2			16
55-59	2		2	2	4	2	1			15
60-64			1			3		2		4
65 & Over		1	1						1	3
Total	37	24	16	11	11	11	3	2	1	116

Average age: 43.46 years
Average Length of Service: 12.66 years

Female Active Employee Participants

Age Group	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20										0
20-24	1									1
25-29	2									2
30-34	1	1								2
35-39	1									1
40-44	1	1	1	1						4
45-49	1	1		1	1					4
50-54	3	1				1	1			6
55-59	1	2	1	1						5
60-64	3	2	2							7
65 & Over		1			1	1				3
Total	14	9	4	3	2	2	1	0	0	35

Average age: 51.33 years

Average Length of Service: 9.50 years

SUMMARY OF PRINCIPAL PLAN PROVISIONS

Eligibility

All full-time employees of the City are eligible to receive retiree health care benefits.

Municipal Members:

Retiree must be age 50 with 8 years of service. Employees hired after 4/30/2009 pay 100% of the cost of coverage.

Police Members:

Retiree must have 8 years of service.

Fire Members:

Retiree must have 8 years of service.

Benefit Amount

Retirees and their dependents may elect coverage under the City of Marion's health program for current active employees. Certain retirees have grandfathered benefit plans. The City pays a portion of the cost of coverage.

Health Care

<u>Retiree and Spouse Benefits</u>			
<u>Age</u>	<u>Municipal</u>	<u>Police</u>	<u>Fire</u>
50-55	50%	50%	50%
56-64	62%	62%	62%
65+	70%	70%	70%

<u>Police and Fire Who Retire After 5/1/2012</u>			
<u>Age</u>	<u>Municipal</u>	<u>Police</u>	<u>Fire</u>
50-55	50%	65%	70%
56-64	62%	65%	70%
65+	70%	70%	70%

Dental & Vision Coverage

City pays 50% of retiree dental and vision coverages.

Note 6. Allowance for Uncollectible Amounts

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

Balance at April 30, 2012	\$ 60,000.00
<u>Add</u> - Bad debt expense	-
- Recoveries	-
<u>Less</u> - Charge-offs	-
Balance at April 30, 2013	<u>\$ 60,000.00</u>

The allowance for doubtful accounts was 5.10% of loans receivable at April 30, 2013.

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	\$174,698.47	\$ -	\$ 3,294.29	\$ 1,000.71	\$ 24,717.49
Certificates of deposit	-	12,517.63	55,987.03	-	-
<u>Total</u>	<u>\$174,698.47</u>	<u>\$ 12,517.63</u>	<u>\$ 59,281.32</u>	<u>\$ 1,000.71</u>	<u>\$ 24,717.49</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>\$ 45,723.42</u>	<u>\$ 400,412.78</u>	<u>\$ 588,376.75</u>	<u>\$ 97,367.44</u>	<u>\$ 108,541.87</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>\$ 531,608.15</u>	<u>\$ 1,239,815.81</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	\$ 23,888,283.65	\$ 157,554.38	\$ -	\$ 24,045,838.03
Construction in progress	<u>2,640,637.86</u>	<u>2,890,466.13</u>	<u>415,311.57</u>	<u>5,115,792.42</u>
<u>Total Capital Assets Not Being Depreciated</u>	<u>\$ 26,528,921.51</u>	<u>\$ 3,048,020.51</u>	<u>\$ 415,311.57</u>	<u>\$ 29,161,630.45</u>
Capital assets being depreciated:				
Land improvements	\$ 219,245.32	\$ 26,872.00	\$ -	\$ 246,117.32
Parking lot improvements	92,475.73	-	-	92,475.73
Office equipment	314,925.37	3,266.00	-	318,191.37
Fixed mechanical equipment	918,381.63	129,752.79	10,650.00	1,037,484.42
Major movable equipment	1,552,697.18	130,995.88	52,223.63	1,631,469.43
Vehicles	3,433,249.59	317,351.88	157,469.44	3,593,132.03
Railroad improvements	610,952.83	-	-	610,952.83
IL Centre Mall	19,157,896.55	-	-	19,157,896.55
Buildings	19,484,153.19	36,703.60	22,757.54	19,498,099.25
Streets	21,224,710.51	-	-	21,224,710.51
Bridges	946,385.55	-	-	946,385.55
Storm sewers	2,118,378.41	196,174.04	-	2,314,552.45
Sidewalks	426,953.14	219,137.53	-	646,090.67
Flood control projects	4,787,486.06	-	-	4,787,486.06
Street lights	217,915.80	-	-	217,915.80
Software	<u>85,868.00</u>	<u>-</u>	<u>-</u>	<u>85,868.00</u>
<u>Total Capital Assets Being Depreciated</u>	<u>\$ 75,591,674.86</u>	<u>\$ 1,060,253.72</u>	<u>\$ 243,100.61</u>	<u>\$ 76,408,827.97</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Less accumulated depreciation for:				
Land improvements	\$ 82,901.61	\$ 11,016.82	\$ -	\$ 93,918.43
Parking lot improvements	76,472.73	2,522.00	-	78,994.73
Office equipment	161,656.85	33,547.47	-	195,204.32
Fixed mechanical equipment	449,910.94	53,050.37	10,650.00	492,311.31
Major movable equipment	845,891.59	128,374.30	35,632.43	938,633.46
Vehicles	2,348,211.22	269,855.77	133,187.39	2,484,879.60
Railroad improvements	337,296.86	15,273.82	-	352,570.68
IL Centre Mall	18,289,579.88	196,600.00	-	18,486,179.88
Buildings	4,319,826.99	461,639.67	11,003.72	4,770,462.94
Streets	6,934,808.82	718,340.61	-	7,653,149.43
Bridges	335,277.38	23,659.64	-	358,937.02
Storm sewers	450,084.46	55,089.27	-	505,173.73
Sidewalks	27,875.91	17,283.33	-	45,159.24
Flood control projects	1,225,829.43	95,749.72	-	1,321,579.15
Street lights	32,318.89	10,895.80	-	43,214.69
Software	33,608.54	11,801.90	-	45,410.44
<u>Total Accumulated Depreciation</u>	<u>\$ 35,951,552.10</u>	<u>\$ 2,104,700.49</u>	<u>\$ 190,473.54</u>	<u>\$ 37,865,779.05</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>\$ 39,640,122.76</u>	<u>\$ (1,044,446.77)</u>	<u>\$ (52,627.07)</u>	<u>\$ 38,543,048.92</u>
<u>Governmental Activities Capital Assets, Net</u>	<u>\$ 66,169,044.27</u>	<u>\$ 2,003,573.74</u>	<u>\$ 467,938.64</u>	<u>\$ 67,704,679.37</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
General government		\$ 72,995.73
Public health and safety		263,118.46
Streets, alleys and cemeteries		190,250.72
Cultural and recreation		448,342.09
Unallocated		1,129,993.49
<u>Total Governmental Activities Depreciation Expense</u>		<u>\$ 2,104,700.49</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 3,486,877.45	\$ -	\$ -	\$ 3,486,877.45
Construction in progress	1,534,389.44	3,055,112.22	(4,393,162.68)	196,338.98
<u>Total Capital Assets Not Being Depreciated</u>	<u>\$ 5,021,266.89</u>	<u>\$ 3,055,112.22</u>	<u>\$ (4,393,162.68)</u>	<u>\$ 3,683,216.43</u>
Capital assets being depreciated:				
Land improvements	\$ 33,325.00	\$ -	\$ -	\$ 33,325.00
Structures	2,880,125.84	-	-	2,880,125.84
Buildings	20,878,769.10	2,731,179.80	-	23,609,948.90
Fixed equipment	4,229,624.68	1,593,864.12	-	5,823,488.80
Equipment and machinery	1,232,228.11	133,012.21	(40,907.20)	1,324,333.12
Trucks and tractors	757,291.51	18,868.40	(3,110.00)	773,049.91
Transmission and distribution systems	8,269,724.02	68,118.76	-	8,337,842.78
Pumping and lift stations	1,185,743.97	-	-	1,185,743.97
<u>Total Capital Assets Being Depreciated</u>	<u>\$ 39,466,832.23</u>	<u>\$ 4,545,043.29</u>	<u>\$ (44,017.20)</u>	<u>\$ 43,967,858.32</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Land improvements	\$ 4,795.36	\$ 1,666.25	\$ -	\$ 6,461.61
Structures	548,489.68	52,506.72	-	600,996.40
Buildings	9,990,290.16	534,540.74	-	10,524,830.90
Fixed equipment	1,868,945.84	123,496.13	-	1,992,441.97
Equipment and machinery	956,829.35	62,647.78	(31,180.05)	988,297.08
Trucks and tractors	599,965.92	48,990.38	-	648,956.30
Transmission and distribution systems	2,789,364.73	157,250.25	-	2,946,614.98
Pumping and lift stations	<u>477,059.17</u>	<u>42,245.77</u>	<u>-</u>	<u>519,304.94</u>
<u>Total Accumulated Depreciation</u>	<u>\$ 17,235,740.21</u>	<u>\$ 1,023,344.02</u>	<u>\$ (31,180.05)</u>	<u>\$ 18,227,904.18</u>
<u>Total Capital Assets Being Depreciated, Net</u>	<u>\$ 22,231,092.02</u>	<u>\$ 3,521,699.27</u>	<u>\$ (12,837.15)</u>	<u>\$ 25,739,954.14</u>
<u>Business-Type Activities Capital Assets, Net</u>	<u>\$ 27,252,358.91</u>	<u>\$ 6,576,811.49</u>	<u>\$ (4,405,999.83)</u>	<u>\$ 29,423,170.57</u>
Business-Type activities:				
Water			\$ 391,900.76	
Sewer			<u>631,443.26</u>	
<u>Total Business-Type Activities Depreciation Expense</u>			<u>\$ 1,023,344.02</u>	

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, 2013 arising from these transactions were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 225,702.17
Gas Tax Fund	51,660.67	-
TIF Redevelopment Fund	14,627.50	-
Water Department	-	8,582.19
2005 Refunding Bonds	150,000.00	-
Sewer Department	-	6,915.00
Foreign Fire Insurance	-	668.00
Pension Trust Funds	-	1,374.00
Motor Fuel Tax	26,083.50	-
Business Improvement Fund	<u>869.69</u>	<u>-</u>
<u>Total</u>	<u>\$ 243,241.36</u>	<u>\$ 243,241.36</u>

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	\$ 5,891.92
	Senior Citizens Council	379,915.87
	Cultural and Civic Center	339,579.75
	Boyton Street	225,922.92
	Carnegie Library	846,909.24
	Debt Service -	
	2005 Refunding Bonds	452,400.00
	2006 Refunding Bonds	1,160,400.00
	Capital Projects –	
	FAI Morgan Avenue	14,887.70
Special Revenue - Special Revenues - Police	General Fund Types - General Fund	68,458.17
Special Revenue - TIF Redevelopment	Debt Service -	
	TIF Debt Service	106,600.00
	Various Projects	34,290.00
Capital Projects Recreation Building	Debt Service -	
	Various Projects	11,430.00
Enterprise Fund Types - Water Dept. Sewer Dept.	General Fund Types - General Fund	6,462.45
		<u>6,462.45</u>
		<u>\$3,659,610.47</u>

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, 2013:

	Bonds Payable May 1, 2012	Bonds Issued	Bond Payments	Bonds Payable April 30, 2013	Portion Bonds Payable April 30, 2013
Governmental Type Activities -					
Refunding Bonds					
Pavilion Bonds, Series 2011	\$ 1,972,946.16	\$ -	\$ 155,348.95	\$ 1,817,597.21	\$ 161,597.53
GO Bonds, Series 2012	-	9,720,000.00	-	9,720,000.00	-
GO Bonds, Series 2005	8,785,000.00	-	255,000.00	8,530,000.00	275,000.00
GO Bonds, Series 2006	4,855,000.00	-	935,000.00	3,920,000.00	985,000.00
GO Bonds, Series 2007	1,220,000.00	-	60,000.00	1,160,000.00	65,000.00
GO Bonds, Series 2011A	3,115,000.00	-	275,000.00	2,840,000.00	285,000.00
	<u>\$ 19,947,946.16</u>	<u>\$ 9,720,000.00</u>	<u>\$ 1,680,348.95</u>	\$ 27,987,597.21	\$ 1,771,597.53
Add - Premium on bonds				452,462.25	62,638.83
Less - Deferred amortization on refunding				(512,620.48)	(71,349.61)
- Discount on bonds				<u>(8,263.74)</u>	<u>(463.05)</u>
				<u>\$ 27,919,175.24</u>	<u>\$ 1,762,423.70</u>
Business-Type Activities -					
Water Department					
Refunding Bonds, Series 2002	\$ 1,310,000.00	\$ -	\$ 195,000.00	\$ 1,115,000.00	\$ 205,000.00
GO Bonds, Series 2008	3,210,000.00	-	145,000.00	3,065,000.00	150,000.00
	<u>\$ 4,520,000.00</u>	<u>\$ -</u>	<u>\$ 340,000.00</u>	\$ 4,180,000.00	\$ 355,000.00
Add - Premium on bonds				2,520.04	-
Less - Deferred amortization on refunding				(20,740.98)	(6,667.55)
				<u>\$ 4,161,779.06</u>	<u>\$ 348,332.45</u>

General Obligation Bonds payable at April 30, 2013, 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%.

\$ 2,840,000.00

\$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%

1,817,597.21

\$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

\$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%	\$ 8,530,000.00
\$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%	3,920,000.00
\$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%	<u>1,160,000.00</u>
General Obligation Bonds Payable	\$27,987,597.21
Add - Premium on bonds	452,462.25
Less - Deferred amortization on refunding	(512,620.48)
- Discount on bonds	<u>(8,263.74)</u>
	<u>\$27,919,175.24</u>

As of April 30, 2013, \$1,240,422.26 is available in Debt Service Funds to service General Obligation Bonds.

Enterprise Funds bonds payable at April 30, 2013, are comprised of the following individual issues:

General Obligation Bonds -	
\$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%.	\$ 1,115,000.00
\$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%	<u>3,065,000.00</u>
General Obligation Bonds Payable	\$ 4,180,000.00
<u>Add</u> - Premium on bonds	2,520.04
<u>Less:</u> Deferred amortization on refunding	<u>(20,740.98)</u>
Net Enterprise Funds Bonds Payable	<u>\$ 4,161,779.06</u>

The annual requirements to amortize all debt outstanding as of April 30, 2013, including interest payments of \$8,124,638.44 for General Obligation Bonds and \$124,856.89 for the Refunding Bonds are as follows:

Fiscal Year Ending April 30,	General Obligation	Enterprise Funds Refunding	Total
2014	\$ 2,942,708.03	\$ 248,226.26	\$ 3,190,934.29
2015	2,956,565.37	249,691.88	3,206,257.25
2016	2,963,821.62	245,582.50	3,209,404.12
2017	2,960,482.87	245,905.00	3,206,387.87
2018	2,971,702.87	250,451.25	3,222,154.12
2019	2,710,480.37	-	2,710,480.37
2020	2,714,306.00	-	2,714,306.00
2021	2,718,599.75	-	2,718,599.75
2022	3,143,047.87	-	3,143,047.87
2023	2,016,843.65	-	2,016,843.65
2024	1,910,683.75	-	1,910,683.75
2025	1,908,400.00	-	1,908,400.00
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	765,900.00	-	765,900.00
	<u>\$39,177,234.65</u>	<u>\$1,239,856.89</u>	<u>\$40,417,091.54</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, 2013:

	Balance May 1, 2012	Additions	Payments	Balance April 30, 2013	Current Portion
Business-Type Activities -					
Accrued vacation	\$ 72,105.57	\$ 4,374.19	\$ -	\$ 76,479.76	\$ -
State of Illinois	6,925,555.35	2,798,983.19	478,036.16	9,246,502.38	563,891.72
Bank of Marion	3,144.24	-	3,144.24	-	-
South Porte Bank	-	49,719.60	6,730.08	42,989.52	16,380.36
<u>Total</u>	<u>\$ 7,000,805.16</u>	<u>\$ 2,853,076.98</u>	<u>\$ 487,910.48</u>	<u>\$ 9,365,971.66</u>	<u>\$ 580,272.08</u>

Enterprise Fund contractual obligations at April 30, 2013, 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. \$ 73,330.32

For the year ended April 30, 2013, total interest was \$2,545.84, 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. \$ 48,452.69

For the year ended April 30, 2013, total interest was \$1,593.30, 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. \$ 5,488,823.92

For the year ended April 30, 2013, total interest was \$155,374.32, 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. \$ 426,600.26

E. 3.75% note payable to the Bank of Marion in monthly installments of \$529.43 including interest through October 31, 2012. \$ -

For the year ended April 30, 2013, total interest was \$32.34, all of which was charged to expense.

F. 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. \$ 1,168,478.00

For the year ended April 30, 2013, total interest was \$8,886.40, all of which was charged to expense.

G. 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. \$ 2,040,817.19

For the year ended April 30, 2013, total interest was \$15,002.19, all of which was charged to expense.

H. 1.980% note payable to South Porte Bank in monthly installments of \$1,423.62 including interest through December 26, 2015. \$ 42,989.52

For the year ended April 30, 2013, total interest was \$388.02, all of which was charged to expense.

The annual requirements to amortize all other contractual liabilities of business-type activities as of April 30, 2013, including interest payments of \$1,332,476.59 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
2014	\$ 33,384.46	\$ 24,377.12	\$ 69,785.95	\$ 22,179.88	\$ 10,477.28	\$ 580,515.34	\$ 17,083.44	\$ 757,803.47
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	633,294.74	158,451.94	1,064,296.44	-	-	-	-	1,856,043.12
	<u>\$ 1,334,368.40</u>	<u>\$ 426,600.26</u>	<u>\$ 2,316,633.99</u>	<u>\$ 77,629.58</u>	<u>\$ 52,386.40</u>	<u>\$ 6,370,217.64</u>	<u>\$ 44,132.22</u>	<u>\$ 10,621,968.49</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, 2013:

	Balance May 1, 2012	Additions	Payments	Balance April 30, 2013	Current Portion
Governmental-Type					
Activities -					
Building inspector vehicle	\$ 1,000.72	\$ -	\$ 1,000.72	\$ -	\$ -
Animal control truck	1,194.51	-	1,194.51	-	-
Fire truck	173,742.10	-	59,158.66	114,583.44	61,476.86
Police cars and related equipment	59,523.79	169,241.61	80,128.07	148,637.33	63,035.07
Street department equipment	103,804.96	97,000.00	65,574.92	135,230.04	56,251.98
911 CAD system	-	-	-	-	-
7 th Street Fire truck	178,581.85	-	74,652.74	103,929.11	77,464.59
	-	25,558.39	4,132.82	21,425.57	8,454.13
Illinois Department of Transportation -					
Engineering agreement	1,000,000.00	-	-	1,000,000.00	5,000.00
Construction agreement	7,000,000.00	-	50,000.00	6,950,000.00	50,000.00
Accrued vacation	315,162.91	14,628.02	-	329,790.93	-
Total	<u>\$ 8,833,010.84</u>	<u>\$ 306,428.02</u>	<u>\$ 335,842.44</u>	<u>\$ 8,803,596.42</u>	<u>\$ 321,682.63</u>

The annual requirements to amortize all other contractual liabilities of government-type activities as of April 30, 2013, including interest payments of \$17,239.46 are as follows:

Fiscal Year Ending April 30.	Fifth Third Bank	Bank of Marion	Kubota	Illinois Dept. of Transportation	Totals
2014	\$ 66,833.52	\$ 185,938.88	\$ 24,985.68	\$ 55,000.00	\$ 332,758.08
2015	66,833.52	106,126.51	14,575.08	52,500.00	240,035.11
2016	33,553.28	21,099.24	-	52,500.00	107,152.52
2017	-	21,099.24	-	52,500.00	73,599.24
2018	-	-	-	52,500.00	52,500.00
2019 and after	-	-	-	7,685,000.00	7,685,000.00
	<u>\$ 167,220.32</u>	<u>\$ 334,263.87</u>	<u>\$ 39,560.76</u>	<u>\$ 7,950,000.00</u>	<u>\$ 8,491,044.95</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, 2013, 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 grant expenditures. This was created to restrict the use of various grant funds according to the grant agreements.

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.

The City has appropriated existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget and that appropriation is no greater than the projected excess of expected expenditures over expected revenues, it satisfies the criteria to be classified as assigned fund balance.

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>
Fund Balances						
Nonspendable	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
Restricted for -						
Debt Service	-	-	-	-	1,240,422.26	1,240,422.26
Public Safety expenditures	81,264.47	-	120,828.99	-	-	202,093.46
Grant expenditures	-	-	-	-	-	-
TIF Development	-	-	3,973,119.53	-	-	3,973,119.53
Donor expenditures	84,999.09	842.06	-	-	-	85,841.15
Future loans	-	-	1,552,740.57	-	-	1,552,740.57
Maintenance of roadway	41,429.20	-	1,434,439.92	7,218,432.14	-	8,694,301.26
Committed for -						
Cash reserve	4,658,747.50	-	-	-	-	4,658,747.50
Assigned for -						
Budget deficit	72,522.95	-	-	-	-	72,522.95
Unassigned	<u>8,102,763.42</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,102,763.42</u>
Total Fund Balances	<u>\$ 13,041,726.63</u>	<u>\$ 1,842.06</u>	<u>\$ 7,081,129.01</u>	<u>\$ 7,218,432.14</u>	<u>\$ 1,240,422.26</u>	<u>\$ 28,583,552.10</u>

Note 15. Deficit Fund Equity

There was deficit fund equity/retained earnings as of April 30, 2013 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, 2013 the Developer's portion of the home rule sales tax increase amounted to \$601,349.00.

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. Subsequent Events

On October 3, 2011, Governor Quinn announced that the City of Marion was one of 22 communities to receive capital funding to help local communities renovate and build new recreation facilities. The City has been awarded \$2,500,000 to construct a new recreation center. The grant was awarded to the City based upon plans previously submitted by the City.

A City employee who was terminated on May 14, 2012 for cause, for the mishandling of water and sewer funds pled guilty on May 22, 2013 in federal court to theft and embezzlement charges and was sentenced on September 20, 2013. She was ordered to pay restitution to the City as part of her sentence.

Note 22. Prior Period Adjustment

In the prior year, construction in progress was understated in governmental activities by \$96,000.00. A journal entry was made in the current year to increase construction in progress and increase net assets at the government-wide level.

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 1,200,000.00	\$ 1,200,000.00	\$ 956,668.76	\$ (243,331.24)
Sales tax	12,919,000.00	13,595,000.00	13,639,706.29	44,706.29
Licenses and permits	72,800.00	72,800.00	96,586.14	23,786.14
Intergovernmental	1,372,500.00	1,709,500.00	1,834,766.15	125,266.15
Other taxes and franchise fees	1,778,800.00	1,778,800.00	1,758,431.74	(20,368.26)
Service charges and fees	618,610.00	667,010.00	689,088.85	22,078.85
Investment income	80,570.00	80,570.00	111,081.32	30,511.32
Grant revenue	362,825.00	736,045.00	663,895.30	(72,149.70)
Restricted donations	10,500.00	10,500.00	10,450.89	(49.11)
Miscellaneous	98,375.00	104,375.00	265,601.11	161,226.11
Total Revenues	<u>\$ 18,513,980.00</u>	<u>\$ 19,954,600.00</u>	<u>\$ 20,026,276.55</u>	<u>\$ 71,676.55</u>
Expenditures				
General government	\$ 3,447,450.00	\$ 3,795,830.00	\$ 3,677,235.68	\$ 118,594.32
Public health and safety	7,937,410.00	8,119,560.00	7,476,308.59	643,251.41
Streets, alleys and cemeteries	2,957,790.00	2,969,690.00	2,869,703.11	99,986.89
Cultural & recreation	2,001,840.00	2,237,950.00	2,152,269.49	85,680.51
Development	730,000.00	1,176,720.00	1,126,779.40	49,940.60
Total Expenditures	<u>\$ 17,074,490.00</u>	<u>\$ 18,299,750.00</u>	<u>\$ 17,302,296.27</u>	<u>\$ 997,453.73</u>
Excess (Deficiency) of Revenues Over Expenditures			<u>\$ 2,723,980.28</u>	
Other Financing Sources (Uses)				
Proceeds from long-term debt			\$ 291,800.00	
Transfers in (out)			<u>(1,557,727.63)</u>	
Total Other Financing Sources (Uses)			<u>\$ (1,265,927.63)</u>	
Net Change in Fund Balances			<u>\$ 1,458,052.65</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 4,356,600.00	\$ 4,356,600.00	\$ 4,495,154.46	\$ 138,554.46
Investment income	2,270.00	2,270.00	4,858.28	2,588.28
Total Revenues	<u>\$ 4,358,870.00</u>	<u>\$ 4,358,870.00</u>	<u>\$ 4,500,012.74</u>	<u>\$ 141,142.74</u>
Expenditures				
Development	\$ 3,180,800.00	\$ 3,669,310.00	\$ 3,483,498.85	\$ 185,811.15
Streets, alleys and cemeteries	9,596,500.00	9,856,790.00	439,845.40	9,416,944.60
Debt service	100,000.00	150,000.00	50,000.00	100,000.00
Total Expenditures	<u>\$ 12,877,300.00</u>	<u>\$ 13,676,100.00</u>	<u>\$ 3,973,344.25</u>	<u>\$ 9,702,755.75</u>
Excess (Deficiency) of Revenues Over Expenditures			<u>\$ 526,668.49</u>	
Other Financing Sources (Uses)				
Transfers in (out)			<u>\$ (140,890.00)</u>	
Total Other Financing Sources (Uses)			<u>\$ (140,890.00)</u>	
Net Change in Fund Balances			<u>\$ 385,778.49</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Grant revenue	\$ 2,500,000.00	\$ 2,500,000.00	\$ -	\$ (2,500,000.00)
Investment income	-	-	1,758.50	1,758.50
Total Revenues	<u>\$ 2,500,000.00</u>	<u>\$ 2,500,000.00</u>	<u>\$ 1,758.50</u>	<u>\$ (2,498,241.50)</u>
Expenditures				
Streets, alleys and cemeteries	\$ 4,700,000.00	\$ 4,700,000.00	\$ 1,849,762.79	\$ 2,850,237.21
Total Expenditures	<u>\$ 4,700,000.00</u>	<u>\$ 4,700,000.00</u>	<u>\$ 1,849,762.79</u>	<u>\$ 2,850,237.21</u>
Excess (Deficiency) of Revenues Over Expenditures			<u>\$ (1,848,004.29)</u>	
Other Financing Sources (Uses)				
Proceeds from long-term debt			9,721,813.45	
Total Other Financing Sources (Uses)			<u>\$ 9,721,813.45</u>	
Net Change in Fund Balances			<u>\$ 7,873,809.16</u>	

See accompanying notes to financial statements.

City of Marion, Illinois
Notes to Required Supplemental Information
April 30, 2013

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>
Expenditures					
General					
General Government	\$ 3,726,045.99	\$ (48,810.31)	\$ 3,677,235.68	\$ 3,795,830.00	\$ (118,594.32)
Public health and safety	7,489,573.67	(13,265.08)	7,476,308.59	8,119,560.00	(643,251.41)
Streets, alleys and cemeteries	2,896,413.05	(26,709.94)	2,869,703.11	2,969,690.00	(99,986.89)
Cultural and recreation	2,125,502.46	26,767.03	2,152,269.49	2,237,950.00	(85,680.51)
Development	<u>1,122,231.40</u>	<u>4,548.00</u>	<u>1,126,779.40</u>	<u>1,176,720.00</u>	<u>(49,940.60)</u>
Total Expenditures	<u>\$17,359,766.57</u>	<u>\$ (57,470.30)</u>	<u>\$17,302,296.27</u>	<u>\$ 18,299,750.00</u>	<u>\$ (997,453.73)</u>
TIF Redevelopment					
Streets, alleys and cemeteries	\$ 334,225.37	\$ 105,620.03	\$ 439,845.40	\$ 9,856,790.00	\$(9,416,944.60)
Debt service	50,000.00	-	50,000.00	150,000.00	(100,000.00)
Development	<u>3,432,197.85</u>	<u>51,301.00</u>	<u>3,483,498.85</u>	<u>3,669,310.00</u>	<u>(185,811.15)</u>
Total Expenditures	<u>\$ 3,816,423.22</u>	<u>\$ 156,921.03</u>	<u>\$ 3,973,344.25</u>	<u>\$ 13,676,100.00</u>	<u>\$(9,702,755.75)</u>
General Projects					
Streets, alleys and cemeteries	<u>\$ 2,319,139.81</u>	<u>\$ (469,377.02)</u>	<u>\$ 1,849,762.79</u>	<u>\$ 4,700,000.00</u>	<u>\$(2,850,237.21)</u>

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, 2013**

<u>Actuarial Valuation Date</u>	<u>(1) Actuarial Value of Assets</u>	<u>(2) Actuarial Liability Entry Age Normal Cost</u>	<u>(3) Unfunded (Overfunded) Actuarial Liability (2) - (1)</u>	<u>(4) Funded Ratio (1) ÷ (2)</u>	<u>(5) Covered Payroll</u>	<u>(6) Unfunded (Overfunded) Actuarial Liability as a Percentage of Covered Payroll (3) ÷ (5)</u>
<u>FIRE PENSION FUND:</u>						
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%
May 1, 2002	\$ 3,793,612	\$ 5,665,807	\$ 1,872,195	66.96%	\$ 840,051	222.87%
<u>POLICE PENSION FUND:</u>						
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%
May 1, 2002	\$ 3,799,614	\$ 6,391,830	\$ 2,592,216	59.44%	\$ 854,356	303.41%

See accompanying notes to financial statements.

**City of Marion, Illinois
Pension Trust Funds
Schedule of Employer Contributions
April 30, 2013**

Fire Pension Fund:

<u>Fiscal Year Ended April 30,</u>	<u>Required Contribution</u>	<u>Total Employer Contribution (b)</u>	<u>Annual Percentage Contributed</u>
2004	191,328	242,874	126.94%
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%

Police Pension Fund:

<u>Fiscal Year Ended April 30,</u>	<u>Required Contribution</u>	<u>Total Employer Contribution (b)</u>	<u>Annual Percentage Contributed</u>
2004	215,855	247,416	114.62%
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%

See accompanying notes to financial statements.

Other Supplemental Information

**City of Marion, Illinois
Non-Major Governmental Funds
Combining Balance Sheet
April 30, 2013**

	<u>Permanent Funds</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash and cash equivalents	\$ -	\$ 1,942,083.41	\$ -	\$ -	\$ 1,942,083.41
Restricted cash and cash equivalents	-	-	1,240,422.26	-	1,240,422.26
Investments	1,842.06	-	-	-	1,842.06
Due from other governments	-	93,483.88	-	-	93,483.88
Property taxes receivable	-	108,857.66	371,350.00	-	480,207.66
Loans receivable, net	-	1,115,964.26	-	-	1,115,964.26
Accounts receivable	-	82,743.96	-	-	82,743.96
Due from other funds	-	78,613.86	150,000.00	-	228,613.86
Total Assets	<u>\$ 1,842.06</u>	<u>\$ 3,421,747.03</u>	<u>\$ 1,761,772.26</u>	<u>\$ -</u>	<u>\$ 5,185,361.35</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 204,211.89	\$ -	\$ -	\$ 204,211.89
Due to other funds	-	668.00	-	-	668.00
Deferred revenue	-	108,857.66	521,350.00	-	630,207.66
Total Liabilities	<u>\$ -</u>	<u>\$ 313,737.55</u>	<u>\$ 521,350.00</u>	<u>\$ -</u>	<u>\$ 835,087.55</u>
Fund Balances					
Nonspendable	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
Restricted	842.06	3,108,009.48	1,240,422.26	-	4,349,273.80
Unassigned	-	-	-	-	-
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 1,842.06</u>	<u>\$ 3,421,747.03</u>	<u>\$ 1,761,772.26</u>	<u>\$ -</u>	<u>\$ 5,185,361.35</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, 2013

	<u>Permanent Funds</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Project Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Property taxes	\$ -	\$ 113,480.50	\$ 518,175.00	\$ -	\$ 631,655.50
Intergovernmental	-	493,701.50	-	-	493,701.50
Other taxes and franchise fees	-	593,965.40	-	-	593,965.40
Service charges and fees	-	155,156.59	-	-	155,156.59
Investment income	8.29	1,655.31	1,117.97	-	2,781.57
Grant revenue	-	-	-	13,317.80	13,317.80
Miscellaneous	-	90,000.00	-	-	90,000.00
Total Revenues	<u>\$ 8.29</u>	<u>\$ 1,447,959.30</u>	<u>\$ 519,292.97</u>	<u>\$ 13,317.80</u>	<u>\$ 1,980,578.36</u>
Expenditures					
Public health and safety	-	107,188.61	-	-	107,188.61
Streets, alleys and cemeteries	-	933,147.01	-	28,205.50	961,352.51
Culture and recreation	-	-	-	-	-
Debt service	-	-	2,230,391.03	-	2,230,391.03
Development	-	10,023.45	-	-	10,023.45
Total Expenditures	<u>\$ -</u>	<u>\$ 1,050,359.07</u>	<u>\$ 2,230,391.03</u>	<u>\$ 28,205.50</u>	<u>\$ 3,308,955.60</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 8.29</u>	<u>\$ 397,600.23</u>	<u>\$ (1,711,098.06)</u>	<u>\$ (14,887.70)</u>	<u>\$ (1,328,377.24)</u>
Other Financing Sources (Uses)					
Transfers in (out)	-	(68,458.17)	1,765,120.00	14,887.70	1,711,549.53
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ (68,458.17)</u>	<u>\$ 1,765,120.00</u>	<u>\$ 14,887.70</u>	<u>\$ 1,711,549.53</u>
Net Change in Fund Balances	\$ 8.29	\$ 329,142.06	\$ 54,021.94	\$ -	\$ 383,172.29
Fund Balances - Beginning of Year	<u>1,833.77</u>	<u>2,778,867.42</u>	<u>1,186,400.32</u>	<u>-</u>	<u>3,967,101.51</u>
Fund Balances - End of Year	<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>

See accompanying notes to financial statements.

**City of Marion, Illinois
Non-Major Special Revenue Funds
Combining Balance Sheet
April 30, 2013**

	Road and Bridge Fund	Motor Fuel Tax Fund	Gas Tax Fund	Business Improvement Fund	Foreign Fire Insurance Fund	Special Revenues Police Fund	Total - Special Revenue Funds
Assets							
Cash and cash equivalents	\$ 163,153.97	\$ 1,068,023.67	\$ 183,546.38	\$ 436,656.62	\$ 28,878.42	\$ 61,824.35	\$ 1,942,083.41
Due from other governments	-	93,483.88	-	-	-	-	93,483.88
Property taxes receivable	108,857.66	-	-	-	-	-	108,857.66
Loans receivable, net	-	-	-	1,115,964.26	-	-	1,115,964.26
Accounts receivable	-	-	51,935.89	-	-	30,808.27	82,743.96
Due from other funds	-	26,083.50	51,660.67	869.69	-	-	78,613.86
Total Assets	\$ 272,011.63	\$ 1,187,591.05	\$ 287,142.74	\$ 1,553,490.57	\$ 28,878.42	\$ 92,632.62	\$ 3,421,747.03
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 14,864.75	\$ 165,174.59	\$ 23,408.50	\$ 750.00	\$ -	\$ 14.05	\$ 204,211.89
Due to other funds	-	-	-	-	668.00	-	668.00
Deferred revenue	108,857.66	-	-	-	-	-	108,857.66
Total Liabilities	\$ 123,722.41	\$ 165,174.59	\$ 23,408.50	\$ 750.00	\$ 668.00	\$ 14.05	\$ 313,737.55
Fund Balances							
Restricted for future loans	\$ -	\$ -	\$ -	\$ 1,552,740.57	\$ -	\$ -	\$ 1,552,740.57
Restricted for maintenance of roadways	148,289.22	1,022,416.46	263,734.24	-	-	-	1,434,439.92
Restricted for public safety expenditures	-	-	-	-	28,210.42	92,618.57	120,828.99
Total Fund Balances	\$ 148,289.22	\$ 1,022,416.46	\$ 263,734.24	\$ 1,552,740.57	\$ 28,210.42	\$ 92,618.57	\$ 3,108,009.48
Total Liabilities and Fund Balances	\$ 272,011.63	\$ 1,187,591.05	\$ 287,142.74	\$ 1,553,490.57	\$ 28,878.42	\$ 92,632.62	\$ 3,421,747.03

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, 2013

	<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>
Revenues							
Property taxes	\$ 113,480.50	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,480.50
Intergovernmental	-	493,701.50	-	-	-	-	493,701.50
Service charges and fees	-	-	14.68	38,533.78	-	116,608.13	155,156.59
Other taxes	189.31	-	546,110.90	-	47,665.19	-	593,865.40
Investment income	196.27	742.84	120.70	514.73	-	80.77	1,655.31
Miscellaneous	-	90,000.00	-	-	-	-	90,000.00
Total Revenues	<u>\$ 113,866.08</u>	<u>\$ 584,444.34</u>	<u>\$ 546,246.28</u>	<u>\$ 39,048.51</u>	<u>\$ 47,665.19</u>	<u>\$ 116,688.90</u>	<u>\$ 1,447,959.30</u>
Expenditures							
Public health and safety	\$ -	\$ -	\$ -	\$ -	\$ 57,231.38	\$ 49,957.23	\$ 107,188.61
Streets, alleys and cemeteries	195,466.68	217,341.59	520,338.74	-	-	-	933,147.01
Development	-	-	-	10,023.45	-	-	10,023.45
Total Expenditures	<u>\$ 195,466.68</u>	<u>\$ 217,341.59</u>	<u>\$ 520,338.74</u>	<u>\$ 10,023.45</u>	<u>\$ 57,231.38</u>	<u>\$ 49,957.23</u>	<u>\$ 1,050,359.07</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (81,600.60)</u>	<u>\$ 367,102.75</u>	<u>\$ 25,907.54</u>	<u>\$ 29,025.06</u>	<u>\$ (9,566.19)</u>	<u>\$ 66,731.67</u>	<u>\$ 397,600.23</u>
Other Financing Sources (Uses)							
Transfers in (out)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (68,458.17)	\$ (68,458.17)
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (68,458.17)</u>	<u>\$ (68,458.17)</u>
Net Change in Fund Balances	<u>\$ (81,600.60)</u>	<u>\$ 367,102.75</u>	<u>\$ 25,907.54</u>	<u>\$ 29,025.06</u>	<u>\$ (9,566.19)</u>	<u>\$ (1,726.50)</u>	<u>\$ 329,142.08</u>
Fund Balances - Beginning of Year	<u>229,889.82</u>	<u>655,313.71</u>	<u>237,826.70</u>	<u>1,523,715.51</u>	<u>37,776.61</u>	<u>94,345.07</u>	<u>2,778,867.42</u>
Fund Balances - End of Year	<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>

See accompanying notes to financial statements.

**City of Marion, Illinois
Non-Major Debt Service Funds
Combining Balance Sheet
April 30, 2013**

	<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>
Assets						
Restricted cash and cash equivalents	\$ 45,723.42	\$ 588,376.75	\$ 97,367.44	\$ 108,541.87	\$ 400,412.78	\$ 1,240,422.26
Property tax receivable	-	-	-	-	371,350.00	371,350.00
Due from other funds	-	-	150,000.00	-	-	150,000.00
Total Assets	<u>\$ 45,723.42</u>	<u>\$ 588,376.75</u>	<u>\$ 247,367.44</u>	<u>\$ 108,541.87</u>	<u>\$ 771,762.78</u>	<u>\$ 1,761,772.26</u>
Liabilities and Fund Balances						
Liabilities						
Deferred revenue	\$ -	\$ -	\$ 150,000.00	\$ -	\$ 371,350.00	\$ 521,350.00
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,000.00</u>	<u>\$ -</u>	<u>\$ 371,350.00</u>	<u>\$ 521,350.00</u>
Fund Balances						
Restricted for debt service	\$ 45,723.42	\$ 588,376.75	\$ 97,367.44	\$ 108,541.87	\$ 400,412.78	\$ 1,240,422.26
Total Fund Balances	<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>
Total Liabilities and Fund Balances	<u>\$ 45,723.42</u>	<u>\$ 588,376.75</u>	<u>\$ 247,367.44</u>	<u>\$ 108,541.87</u>	<u>\$ 771,762.78</u>	<u>\$ 1,761,772.26</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, 2013

	<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>
Revenues						
Property taxes	\$ -	\$ -	\$ 150,000.00	\$ -	\$ 368,175.00	\$ 518,175.00
Investment income	3.42	388.16	108.26	135.59	482.54	1,117.97
Total Revenues	<u>\$ 3.42</u>	<u>\$ 388.16</u>	<u>\$ 150,108.26</u>	<u>\$ 135.59</u>	<u>\$ 368,657.54</u>	<u>\$ 519,292.97</u>
Expenditures						
Debt service	\$ -	\$ 1,136,720.00	\$ 595,507.50	\$ 129,650.00	368,513.53	\$ 2,230,391.03
Total Expenditures	<u>\$ -</u>	<u>\$ 1,136,720.00</u>	<u>\$ 595,507.50</u>	<u>\$ 129,650.00</u>	<u>\$ 368,513.53</u>	<u>\$ 2,230,391.03</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3.42</u>	<u>\$ (1,136,331.84)</u>	<u>\$ (445,399.24)</u>	<u>\$ (129,514.41)</u>	<u>\$ 144.01</u>	<u>\$ (1,711,098.06)</u>
Other Financing Sources (Uses)						
Transfers in (out)	\$ 45,720.00	\$ 1,160,400.00	\$ 452,400.00	\$ 106,600.00	\$ -	\$ 1,765,120.00
Total Other Financing Sources and Uses	<u>\$ 45,720.00</u>	<u># \$ 1,160,400.00</u>	<u>\$ 452,400.00</u>	<u>\$ 106,600.00</u>	<u>\$ -</u>	<u>\$ 1,765,120.00</u>
Net Change in Fund Balances	<u>\$ 45,723.42</u>	<u>\$ 24,068.16</u>	<u>\$ 7,000.76</u>	<u>\$ (22,914.41)</u>	<u>\$ 144.01</u>	<u>\$ 54,021.94</u>
Fund Balances - Beginning of Year	<u>-</u>	<u>564,308.59</u>	<u>90,366.68</u>	<u>131,456.28</u>	<u>400,268.77</u>	<u>1,186,400.32</u>
Fund Balances - End of Year	<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>

See accompanying notes to financial statements.

City of Marlon, Illinois
 General Fund Types
 Combining Balance Sheet
 April 30, 2013

	General	Goddard Chapel Restoration	Cultural and Civic Center	Senior Citizens Council	Recreation Department	Boyton Street Community Center	Carnegie Library	Pavilion	Recreation Building	Total - General Fund Types
Assets										
Cash and cash equivalents	\$ 4,674,633.64	\$ 16,731.17	\$ 105,309.83	\$ 35,807.77	\$ 7,517.31	\$ 929.13	\$ 7,922.62	\$ 99,953.38	\$ 642,253.51	\$ 5,490,958.16
Restricted cash and cash equivalents	188,992.48	-	24,717.49	-	-	1,000.71	3,294.29	-	-	218,004.97
Investments	3,998,092.77	16,647.24	1,660.50	-	-	-	48,414.38	-	-	4,082,814.87
Restricted investments	-	-	-	12,517.63	-	-	55,987.03	-	-	68,504.66
Property taxes receivable	1,306,903.65	-	-	-	-	-	-	-	-	1,306,903.65
Sales taxes receivable	3,292,715.61	-	-	-	-	-	-	-	-	3,292,715.61
Accrued interest receivable	12,562.10	-	-	20.85	-	-	-	-	-	12,582.95
Due from other governments	673,678.96	-	-	-	-	1,917.33	-	-	83,065.64	758,661.93
Accounts Receivable	25,921.07	-	-	-	-	-	-	49,839.39	-	75,760.46
Total Assets	\$ 14,073,500.18	\$ 33,378.41	\$ 131,687.82	\$ 48,348.25	\$ 7,517.31	\$ 3,847.17	\$ 113,518.20	\$ 149,792.77	\$ 725,319.15	\$ 15,286,907.26
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ 223,848.01	\$ -	\$ 28,768.94	\$ 10,670.52	\$ 31.57	\$ 8,678.44	\$ 7,594.29	\$ 6,992.24	\$ -	\$ 288,580.01
Due to other funds	225,577.48	-	-	-	-	-	-	-	-	225,577.48
Deferred revenues	1,156,903.65	-	-	-	-	-	-	-	-	1,156,903.65
Accrued payroll	158,113.35	-	3,293.48	5,244.69	-	2,440.49	8,653.31	2,410.34	-	180,155.66
Accrued vacation	284,663.28	-	3,030.18	14,856.97	-	6,219.15	19,910.88	1,310.49	-	329,760.83
Accrued payroll related expenses	68,172.92	-	-	-	-	-	-	-	-	68,172.92
Total Liabilities	\$ 2,115,276.67	\$ -	\$ 35,090.60	\$ 30,572.18	\$ 31.57	\$ 17,338.08	\$ 38,158.46	\$ 10,713.07	\$ -	\$ 2,245,180.63
Fund Balances										
Restricted for public safety expenditures	\$ 122,693.67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,693.67
Restricted for donor expenditures	-	-	24,717.06	-	-	1,000.71	59,281.32	-	-	84,999.09
Assigned	-	-	72,522.95	-	-	-	-	-	-	72,522.95
Committed	4,658,747.50	-	-	-	-	-	-	-	-	4,658,747.50
Unassigned	7,176,762.34	33,378.41	(642.79)	17,774.07	7,485.74	(14,491.62)	18,078.42	139,079.70	725,319.15	8,102,763.42
Total Fund Balances	\$ 11,958,223.51	\$ 33,378.41	\$ 96,597.22	\$ 17,774.07	\$ 7,485.74	\$ (13,490.91)	\$ 77,359.74	\$ 139,079.70	\$ 725,319.15	\$ 13,041,726.63
Total Liabilities and Fund Balances	\$ 14,073,500.18	\$ 33,378.41	\$ 131,687.82	\$ 48,348.25	\$ 7,517.31	\$ 3,847.17	\$ 113,518.20	\$ 149,792.77	\$ 725,319.15	\$ 15,286,907.26

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, 2013

	General	Goddard Chapel Restoration	Cultural and Civic Center	Senior Citizens Council	Recreation Department	Boyton Street Community Center	Carnegie Library	Pavilion	Recreation Building	Total - General Fund Types
Revenues										
Property tax	\$ 950,668.76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 950,668.76
Sales tax	13,554,578.90	-	-	-	-	-	-	-	-	13,554,578.90
Grant revenue	556,525.15	-	5,500.00	52,594.00	-	23,070.01	22,631.42	-	-	660,320.58
Licenses and permits	96,588.14	-	-	-	-	-	-	-	-	96,588.14
Intergovernmental revenues	1,650,930.71	-	-	-	-	-	-	-	-	1,650,930.71
Service charges and fees	256,025.63	3,810.00	163,078.00	60,167.99	27,271.76	668.00	27,227.31	149,008.09	-	669,294.76
Other taxes and franchise fees	594,585.66	-	-	-	-	-	-	449,478.35	749,130.53	1,793,164.56
Investment income	64,612.30	67.38	426.50	84.13	-	-	1,302.61	42.15	118.62	66,853.67
Miscellaneous revenue	215,211.30	1,600.00	15,241.48	11,014.97	1.00	8,224.63	2,065.23	9,242.08	-	262,800.70
Restricted donations	-	-	8,749.51	-	-	-	3,701.38	-	-	10,450.89
Total Revenues	\$ 17,947,724.57	\$ 5,477.38	\$ 180,895.50	\$ 123,881.09	\$ 27,272.76	\$ 31,880.64	\$ 56,927.65	\$ 607,770.67	\$ 749,248.15	\$ 19,741,279.69
Expenditures										
General government	\$ 2,973,215.75	\$ -	\$ -	\$ 505,700.88	\$ -	\$ 247,129.38	\$ -	\$ -	\$ -	\$ 3,726,045.69
Public health and safety	7,489,573.67	-	-	-	-	-	-	-	-	7,489,573.67
Streets, alleys and cemeteries	2,895,809.64	603.21	-	-	-	-	-	-	-	2,896,413.05
Culture and recreation	-	-	568,603.92	-	24,035.91	-	928,901.05	591,456.58	12,500.00	2,125,502.46
Development	1,122,231.40	-	-	-	-	-	-	-	-	1,122,231.40
Debt Service	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 14,460,630.66	\$ 603.21	\$ 568,608.92	\$ 505,700.88	\$ 24,035.91	\$ 247,129.38	\$ 928,901.05	\$ 591,456.58	\$ 12,500.00	\$ 17,359,766.57
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,487,093.91	\$ 4,674.15	\$ (377,613.42)	\$ (381,819.77)	\$ 3,236.85	\$ (215,148.74)	\$ (871,973.10)	\$ 16,314.09	\$ 736,748.15	\$ 2,381,513.12
Other Financing Sources (Uses)										
Transfers in (out)	\$ (3,344,524.33)	\$ -	\$ 339,579.75	\$ 378,915.67	\$ 5,891.92	\$ 225,922.92	\$ 848,909.24	\$ -	\$ (11,430.00)	\$ (1,557,734.63)
Proceeds from long-term debt, net	291,600.00	-	-	-	-	-	-	-	-	291,600.00
Total Other Financing Sources (Uses)	\$ (3,052,724.33)	\$ -	\$ 339,579.75	\$ 378,915.67	\$ 5,891.92	\$ 225,922.92	\$ 848,909.24	\$ -	\$ (11,430.00)	\$ (1,265,934.63)
Net Change in Fund Balances	\$ 414,369.58	\$ 4,674.15	\$ (38,033.67)	\$ (1,903.90)	\$ 9,126.77	\$ 10,774.18	\$ (25,063.85)	\$ 16,314.09	\$ 725,319.15	\$ 1,115,578.49
Fund Balances - Beginning of Year	11,543,653.93	28,704.26	134,630.68	19,677.97	(1,643.03)	(24,265.09)	102,423.60	122,765.61	-	11,826,148.14
Fund Balances - End of Year	\$ 11,958,223.51	\$ 33,378.41	\$ 96,597.22	\$ 17,774.07	\$ 7,485.74	\$ (13,490.91)	\$ 77,359.74	\$ 139,079.70	\$ 725,319.15	\$ 13,041,726.63

See accompanying notes to financial statements

City of Marion, Illinois
TIF Redevelopment Fund
Combining Balance Sheet
April 30, 2013

	TIF #1	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8	TIF #10	TIF #11	TIF #12	TIF #13	TIF Redevelopment Fund
Assets											
Cash and cash equivalents	\$ 3,337,827.35	\$ 212,847.63	\$ 170,390.94	\$ 82.19	\$ 217,345.50	\$ 254,330.30	\$ 11.76	\$ 94.80	\$ 11.70	\$ 6,676.42	\$ 4,199,618.59
Property taxes receivable	2,297,174.00	111,553.00	134,590.00	36,445.00	981,639.00	137,292.00	966,011.00	27,039.00	68,920.00	15,351.00	4,776,014.00
Due from other funds	-	-	-	-	-	-	-	-	14,627.50	-	14,627.50
Total Assets	\$ 5,635,001.35	\$ 324,400.63	\$ 304,980.94	\$ 36,527.19	\$ 1,198,984.50	\$ 391,622.30	\$ 966,022.76	\$ 27,133.80	\$ 83,559.20	\$ 22,027.42	\$ 8,990,260.09
Liabilities and Fund Balances											
Liabilities											
Accounts payable	\$ 83,147.06	\$ -	\$ -	\$ 3,881.00	\$ -	\$ -	\$ 128,947.00	\$ -	\$ 25,151.50	\$ -	\$ 241,126.56
Deferred revenue	2,297,174.00	111,553.00	134,590.00	36,445.00	981,639.00	137,292.00	966,011.00	27,039.00	68,920.00	15,351.00	4,776,014.00
Total Liabilities	\$ 2,380,321.06	\$ 111,553.00	\$ 134,590.00	\$ 40,326.00	\$ 981,639.00	\$ 137,292.00	\$ 1,094,958.00	\$ 27,039.00	\$ 94,071.50	\$ 15,351.00	\$ 5,017,140.56
Fund Balances											
Restricted	\$ 3,254,680.29	\$ 212,847.63	\$ 170,390.94	\$ (3,798.81)	\$ 217,345.50	\$ 254,330.30	\$ (128,935.24)	\$ 94.80	\$ (10,512.30)	\$ 6,676.42	\$ 3,973,119.53
Total Fund Balances	\$ 3,254,680.29	\$ 212,847.63	\$ 170,390.94	\$ (3,798.81)	\$ 217,345.50	\$ 254,330.30	\$ (128,935.24)	\$ 94.80	\$ (10,512.30)	\$ 6,676.42	\$ 3,973,119.53
Total Liabilities and Fund Balances	\$ 5,635,001.35	\$ 324,400.63	\$ 304,980.94	\$ 36,527.19	\$ 1,198,984.50	\$ 391,622.30	\$ 966,022.76	\$ 27,133.80	\$ 83,559.20	\$ 22,027.42	\$ 8,990,260.09

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, 2013

	TIF #1	TIF #4	TIF #5	TIF #6	TIF #7	TIF #8	TIF #10	TIF #11	TIF #12	TIF #13	TIF Redevelopment Fund
Revenues											
Property taxes	\$ 2,088,544.92	\$ 105,870.24	\$ 127,445.42	\$ 34,524.40	\$ 883,230.44	\$ 128,332.58	\$ 1,047,470.28	\$ 18,647.50	\$ 50,478.34	\$ 14,810.34	\$ 4,495,154.48
Investment income	3,183.41	279.84	187.60	15.78	628.37	283.62	287.11	14.90	8.24	8.43	4,858.26
Total Revenues	\$ 2,089,728.33	\$ 106,150.08	\$ 127,633.02	\$ 34,540.18	\$ 883,859.81	\$ 128,596.20	\$ 1,047,737.39	\$ 18,662.40	\$ 50,488.58	\$ 14,818.77	\$ 4,500,012.74
Expenditures											
Administrative expenses	\$ 41,828.07	\$ 9,138.12	\$ 17,088.48	\$ 4,205.01	\$ 131,628.50	\$ 11,008.95	\$ 38,062.98	\$ 5,111.75	\$ 25,345.51	\$ 7,880.50	\$ 291,288.85
Streets, alleys and cemeteries	174,105.72	714.37	-	-	488.00	-	33.75	5,115.75	152,029.80	1,756.18	334,225.37
Debt service	50,000.00	-	-	-	-	-	-	-	-	-	50,000.00
Development	956,544.00	11,823.00	84,887.00	37,653.00	818,281.00	95,576.00	1,285,292.00	10,878.00	40,589.00	-	3,140,801.00
Total Expenditures	\$ 1,222,475.79	\$ 21,475.49	\$ 101,775.48	\$ 41,858.01	\$ 750,358.50	\$ 106,584.95	\$ 1,323,388.73	\$ 20,803.60	\$ 217,964.11	\$ 9,636.68	\$ 3,816,423.22
Excess (Deficiency) of Revenues Over Expenditures	\$ 867,252.54	\$ 84,674.59	\$ 25,857.58	\$ (7,317.85)	\$ 133,501.31	\$ 22,011.25	\$ (275,651.34)	\$ (4,241.10)	\$ (167,477.53)	\$ 4,980.09	\$ 683,589.52
Other Financing Sources (Uses)											
Transfers in (out)	\$ (258,300.00)	\$ (179,800.00)	\$ -	\$ 8,900.00	\$ (232,500.00)	\$ (1,600.00)	\$ 347,827.50	\$ (6,817.50)	\$ 179,800.00	\$ 1,600.00	\$ (140,890.00)
Total Other Financing Sources (Uses)	\$ (258,300.00)	\$ (179,800.00)	\$ -	\$ 8,900.00	\$ (232,500.00)	\$ (1,600.00)	\$ 347,827.50	\$ (6,817.50)	\$ 179,800.00	\$ 1,600.00	\$ (140,890.00)
Net Change in Fund Balances	\$ 608,952.54	\$ (95,125.41)	\$ 25,857.58	\$ 1,582.15	\$ (98,998.69)	\$ 20,411.25	\$ 72,176.16	\$ (11,058.60)	\$ 12,322.47	\$ 6,580.09	\$ 542,699.52
Fund Balances - Beginning of Year	2,645,727.75	307,873.04	144,533.38	(5,380.96)	316,344.19	233,818.05	(201,111.40)	11,153.40	(22,834.77)	96.33	3,430,420.01
Fund Balances - End of Year	\$ 3,254,680.29	\$ 212,847.63	\$ 170,390.94	\$ (3,798.81)	\$ 217,345.50	\$ 254,330.30	\$ (128,935.24)	\$ 94.80	\$ (10,512.30)	\$ 6,676.42	\$ 3,973,119.53

See accompanying notes to financial statements.

**City of Marlon, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
General Government					
Public Affairs - Mayor and Liquor Commissioner					
Personnel					
Salaries - elected	\$ 45,000.00	\$ -	\$ 45,000.00	\$ 45,000.00	\$ -
Employer payroll taxes	3,157.53	-	3,157.53	3,160.00	2.47
Insurance - hospitalization and life	11,201.20	-	11,201.20	11,410.00	208.80
Insurance - workmen's compensation	231.00	-	231.00	232.00	1.00
Contractual services					
Dues and license	300.00	-	300.00	300.00	-
Telephone and paging	441.26	(5.97)	435.29	538.00	102.71
Training	1,979.55	326.93	2,306.48	2,800.00	493.52
Commodities					
Office expense	160.00	50.00	210.00	210.00	-
Public Affairs - Building and Zoning					
Personnel					
Salaries - employees	102,074.81	(2,218.49)	99,856.32	100,630.00	773.68
IMRF expense	12,011.88	-	12,011.88	12,050.00	38.12
Employer payroll taxes	7,696.98	-	7,696.98	7,700.00	3.02
Insurance - hospitalization and life	10,475.11	-	10,475.11	10,520.00	44.89
Insurance - workmen's compensation	9,926.00	2,380.00	12,306.00	12,310.00	4.00
Contractual services					
Advertising	268.54	-	268.54	270.00	1.46
Attorney fees	39,063.18	(1,856.67)	37,206.51	38,540.00	1,333.49
Dues and license	3,075.00	(375.00)	2,700.00	2,700.00	-
Engineering	-	-	-	100.00	100.00
Insurance - liability	2,180.00	-	2,180.00	2,300.00	120.00
Maintenance - vehicles	533.84	30.60	564.44	600.00	35.56
Postage	77.03	32.00	109.03	120.00	10.97
Telephone and paging	2,512.13	(55.56)	2,456.57	2,460.00	3.43
Commodities					
Office expense	1,601.64	(149.98)	1,451.66	1,460.00	8.34
Fuel / oil - vehicles	1,911.54	51.20	1,962.74	2,200.00	237.26
Supplies - operating	537.99	123.65	661.64	670.00	8.36
Supplies - software	1,408.33	(508.33)	900.00	900.00	-
Small tools	16.67	-	16.67	20.00	3.13
Capital outlay					
Building	-	670.65	670.65	690.00	19.35
Equipment	4,427.93	-	4,427.93	4,430.00	2.07
Other expenditures					
Debt redemption	1,007.19	-	1,007.19	1,020.00	12.81
Public Affairs - Animal Control					
Personnel					
Salaries - employees	50,196.14	804.09	51,000.23	51,010.00	9.77
IMRF expense	5,531.86	-	5,531.86	5,540.00	8.14
Employer payroll taxes	13,042.77	(2,280.00)	10,762.77	10,860.00	97.23
Insurance - hospitalization and life	12,832.42	-	12,832.42	15,680.00	2,847.58
Insurance - workmen's compensation	1,977.00	-	1,977.00	1,980.00	3.00
Contractual services					
Dues and license	40.00	-	40.00	50.00	10.00
Humane Society welfare	200.00	380.00	580.00	-	(580.00)
Internet Access	454.86	61.26	516.12	750.00	233.88
Maintenance - buildings	2,777.95	-	2,777.95	2,780.00	2.05
Maintenance - equipment	231.32	-	231.32	300.00	68.68
Maintenance - vehicles	542.79	-	542.79	1,000.00	457.21
New hire expense	-	-	-	150.00	150.00
Pest control	180.00	(45.00)	135.00	225.00	90.00
Telephone and paging	1,486.60	(1.08)	1,485.52	1,500.00	4.48
Training	-	-	-	250.00	250.00
Utilities	2,353.86	(44.96)	2,308.90	2,310.00	1.10
Veterinarian fees	4,140.52	307.16	4,447.68	4,570.00	122.32
Commodities					
Boots, safety	47.69	-	47.69	300.00	252.31
Fuel / oil - vehicles	1,410.51	(67.58)	1,342.93	1,800.00	457.07
Office expense	279.91	-	279.91	650.00	370.09
Supplies - operating	8,761.74	(504.08)	8,257.66	8,260.00	2.34
Uniforms	616.66	-	616.66	620.00	3.34
Capital outlay					
Building	-	-	-	1,000.00	1,000.00
Equipment	474.99	(139.99)	335.00	1,000.00	665.00
Other expenditures					
Debt redemption	1,199.85	-	1,199.85	1,210.00	10.15
Liability cash expense	-	-	-	500.00	500.00
Workmen's compensation related expense	972.72	(66.72)	906.00	1,000.00	94.00
Public Affairs - Mosquito Abatement					
Personnel					

**City of Marion, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
Salaries - employees	13,074.82	48.18	13,123.00	15,830.00	2,707.00
IMRF expense	1,413.73	-	1,413.73	1,910.00	498.27
Employer payroll taxes	900.91	-	900.91	1,220.00	319.09
Contractual services					
Maintenance - equipment	278.17	-	278.17	490.00	211.83
Training	255.00	-	255.00	260.00	5.00
Commodities					
Chemical expense	10,130.87	(3,092.20)	7,038.67	15,000.00	7,961.33
Public Affairs - City Administrator					
Personnel					
Salaries - employees	85,661.84	(1,534.00)	84,127.84	84,860.00	732.16
IMRF expense	9,618.79	-	9,618.79	9,660.00	41.21
Employer payroll taxes	6,164.30	-	6,164.30	6,370.00	205.70
Insurance - hospitalization and life	5,772.04	-	5,772.04	5,880.00	107.96
Insurance - workmen's compensation	401.00	-	401.00	410.00	9.00
Contractual services					
Consulting fees	-	-	-	1,000.00	1,000.00
Dues and license	-	-	-	200.00	200.00
Entertainment	356.33	-	356.33	400.00	43.67
Postage	36.85	-	36.85	100.00	63.15
Telephone and paging	1,368.31	(59.93)	1,308.38	1,640.00	331.62
Training	1,684.50	(75.00)	1,609.50	2,000.00	390.50
Commodities					
Office expense	1,148.26	-	1,148.26	1,150.00	1.74
Capital outlay					
Equipment	238.70	-	238.70	300.00	61.30
Public Affairs - Parking					
Contractual services					
Telephone and paging	(3.14)	3.14	-	-	-
Utilities	(164.45)	164.45	-	-	-
Commodities					
Supplies - road decals	(2,949.61)	2,949.61	-	-	-
Public Affairs - Safety					
Personnel					
Salaries - employees	55,656.46	(771.71)	54,884.75	54,890.00	5.25
IMRF expense	5,938.02	-	5,938.02	5,940.00	1.98
Employer payroll taxes	3,805.73	-	3,805.73	3,820.00	14.27
Insurance - hospitalization and life	16,714.12	-	16,714.12	16,960.00	245.88
Insurance - workmen's compensation	6,675.00	-	6,675.00	6,680.00	5.00
Contractual services					
Grant expenditures	65,476.68	(8,779.31)	56,697.37	57,300.00	602.63
Insurance - liability	1,314.00	-	1,314.00	1,700.00	386.00
ITECS	10,417.55	(62.29)	10,355.26	10,360.00	4.74
Maintenance - buildings	2.00	-	2.00	10.00	8.00
Maintenance - vehicles	1,074.01	(799.99)	274.02	500.00	225.98
Postage	5.30	-	5.30	10.00	4.70
Safety	-	239.92	239.92	250.00	10.08
Telephone and paging	1,818.21	80.62	1,898.83	2,000.00	101.17
Training	554.56	-	554.56	560.00	5.44
Commodities					
Fuel / oil - vehicles	2,017.82	186.02	2,203.84	3,500.00	1,296.16
Office expense	525.52	-	525.52	1,000.00	474.48
Supplies - operating	676.82	22.67	699.49	990.00	290.51
Supplies - software	-	-	-	200.00	200.00
Capital outlay					
Equipment	5,088.57	(1,098.60)	3,989.97	4,860.00	870.03
Public Affairs - Street Lighting					
Contractual services					
Street lighting	138,952.63	3,001.36	141,953.99	156,940.00	14,986.01
Capital outlay					
Equipment	14,057.00	-	14,057.00	14,060.00	3.00
Public Affairs - City Hall					
Personnel					
Insurance - hospitalization and life	16,130.20	-	16,130.20	16,140.00	9.80
Insurance - workmen's compensation	2,380.00	(2,380.00)	-	-	-
Contractual services					
Advertising	5,236.22	(196.84)	5,039.38	5,250.00	210.62
Arbitration and grievance fees	25.00	-	25.00	5,000.00	4,975.00
Attorney fees	57,743.21	(10,578.64)	47,164.57	48,000.00	835.43
Audit fees	46,460.00	-	46,460.00	48,450.00	1,990.00
Consulting fees	37,487.75	-	37,487.75	40,000.00	2,512.25
Demolition expense	29,150.00	-	29,150.00	30,000.00	850.00
Dues and license	2,721.83	-	2,721.83	2,730.00	8.17
Engineering	40,225.02	(7,952.83)	32,272.19	32,280.00	7.81
ESDA expense	18,442.34	(2,639.12)	15,803.22	15,810.00	6.78

See accompanying notes to financial statements.

**City of Marion, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
Filing fees	957.00	(305.00)	652.00	1,500.00	848.00
Homeless shelter	10,128.07	(31.03)	10,097.04	10,100.00	2.96
Insurance - liability	53,021.00	-	53,021.00	55,000.00	1,979.00
Internet Access	3,301.34	(22.58)	3,278.76	3,280.00	1.24
JULIE expense	4,089.37	126.30	4,215.67	4,220.00	4.33
Lease of equipment	2,919.40	-	2,919.40	2,920.00	0.60
Lifeline payments	240,000.00	-	240,000.00	240,000.00	-
Janitorial service	12,346.01	(12.30)	12,333.71	12,600.00	266.29
Maintenance - buildings	13,228.05	(6,131.64)	7,096.41	10,000.00	2,903.59
Maintenance - equipment	488.36	-	488.36	500.00	11.64
Maintenance - grounds	2,719.80	(2,144.80)	575.00	580.00	5.00
Pest control	540.00	(45.00)	495.00	600.00	105.00
Postage	1,080.59	(561.53)	519.06	520.00	0.94
Professional fees	4,170.00	1,000.00	5,170.00	6,000.00	830.00
Programs	157,150.93	(3,880.91)	153,270.02	154,130.00	859.98
Property taxes	16,490.24	-	16,490.24	16,500.00	9.76
Rent	-	-	-	100.00	100.00
Safety	2,037.81	(55.79)	1,982.02	1,990.00	7.98
Star Bonds expense	11,623.50	936.75	12,560.25	13,000.00	439.75
Telephone and paging	64.98	(6.82)	58.16	60.00	1.84
Tower expense	32,247.91	551.04	32,798.95	32,800.00	1.05
Training	75.33	-	75.33	80.00	4.67
Trash disposal	5,225.00	-	5,225.00	5,230.00	5.00
Utilities	9,132.53	597.25	9,729.78	10,000.00	270.22
Commodities					
Office expense	984.79	(148.70)	836.09	2,100.00	1,263.91
Supplies - janitorial	-	-	-	200.00	200.00
Supplies - operating	2,727.23	(57.74)	2,669.49	2,670.00	0.51
Capital outlay					
Building	-	188.94	188.94	190.00	1.06
Equipment	37,391.23	-	37,391.23	37,410.00	18.77
Land acquisition	157,554.38	(6,673.50)	150,880.88	151,000.00	119.12
Other expenditures					
Debt redemption	80,007.12	-	80,007.12	80,020.00	12.88
Liability cash expense	253,892.00	-	253,892.00	255,780.00	1,888.00
Public Affairs - Emergency Management					
Personnel					
Salaries - employees	39,856.19	(925.27)	38,930.92	40,000.00	1,069.08
IMRF expense	4,446.06	-	4,446.06	4,640.00	193.94
Employer payroll taxes	2,846.91	-	2,846.91	2,960.00	113.09
Insurance - hospitalization and life	4,833.90	-	4,833.90	4,950.00	116.10
Insurance - workmen's compensation	1,730.00	-	1,730.00	2,490.00	760.00
Contractual services					
Dues and license	65.00	-	65.00	200.00	135.00
Internet Access	115.98	(11.00)	104.98	600.00	495.02
Maintenance - buildings	9,465.22	(9,465.22)	-	-	-
Maintenance - equipment	299.30	(91.31)	207.99	210.00	2.01
Pest control	105.00	-	105.00	110.00	5.00
Telephone and paging	1,901.09	(26.46)	1,874.63	1,880.00	5.37
Training	1,668.17	(111.75)	1,556.42	1,560.00	3.58
Utilities	4,414.10	(797.00)	3,617.10	4,000.00	382.90
Commodities					
Office expense	4,476.24	-	4,476.24	4,500.00	23.76
Supplies - janitorial	58.00	-	58.00	60.00	2.00
Supplies - operating	6.69	-	6.69	10.00	3.31
Supplies - software	-	-	-	1,000.00	1,000.00
Capital outlay					
Building	-	9,465.22	9,465.22	10,120.00	654.78
Equipment	12,403.30	-	12,403.30	13,000.00	596.70
Public Affairs - Information Technology					
Personnel					
Salaries - employees	40,759.46	(865.39)	39,894.07	40,000.00	105.93
IMRF expense	4,584.83	-	4,584.83	4,590.00	5.17
Employer payroll taxes	2,936.16	-	2,936.16	2,950.00	13.84
Insurance - hospitalization and life	4,342.42	-	4,342.42	12,510.00	8,167.58
Insurance - workmen's compensation	85.00	-	85.00	90.00	5.00
Contractual services					
Dues and license	140.00	-	140.00	1,460.00	1,320.00
Internet Access	1,543.93	(129.95)	1,413.98	1,420.00	6.02
Professional fees	-	-	-	1,500.00	1,500.00
Telephone and paging	1,180.40	(45.69)	1,134.71	1,650.00	515.29
Training	355.55	-	355.55	1,500.00	1,144.45
Commodities					
Fuel / oil - vehicles	206.50	(47.50)	159.00	160.00	1.00
Office expense	410.02	(29.97)	380.05	390.00	9.95

City of Marlon, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
Supplies - operating	3,063.52	(177.77)	2,885.75	2,890.00	4.25
Supplies - software	430.38	349.00	779.38	1,650.00	870.62
Capital outlay					
Equipment	1,673.20	-	1,673.20	4,350.00	2,676.80
Treasurer's Office					
Personnel					
Salaries - elected	-	-	-	-	-
Salaries - employees	224,492.21	(786.65)	223,705.56	223,720.00	14.44
IMRF expense	24,154.98	-	24,154.98	24,160.00	5.02
Employer payroll taxes	15,477.48	-	15,477.48	15,490.00	12.52
Insurance - hospitalization and life	58,309.48	-	58,309.48	59,880.00	1,570.52
Insurance - workmen's compensation	1,064.00	-	1,064.00	1,070.00	6.00
Contractual services					
Bank charges	2,408.84	-	2,408.84	2,410.00	1.16
Consulting fees	2,250.00	-	2,250.00	3,100.00	850.00
Dues and license	1,200.00	(80.00)	1,120.00	1,130.00	10.00
Insurance - liability	2,000.00	-	2,000.00	2,110.00	110.00
Lease of equipment	654.30	-	654.30	660.00	5.70
Postage	1,314.00	241.00	1,555.00	1,600.00	45.00
Telephone and paging	743.39	(12.94)	730.45	900.00	169.55
Training	1,269.52	192.64	1,462.16	1,500.00	37.84
Travel	130.98	-	130.98	140.00	9.02
Commodities					
Office expense	6,707.17	(534.04)	6,173.13	6,500.00	326.87
Supplies - software	5,822.60	4,077.50	9,900.10	10,000.00	99.90
Capital outlay					
Equipment	-	-	-	100.00	100.00
City Clerk					
Personnel					
Salaries - employees	113,102.24	(796.29)	112,305.95	112,320.00	14.05
IMRF expense	12,845.34	-	12,845.34	12,870.00	24.66
Employer payroll taxes	8,538.03	-	8,538.03	8,550.00	11.97
Insurance - hospitalization and life	7,785.75	-	7,785.75	7,810.00	24.25
Insurance - workmen's compensation	517.00	-	517.00	520.00	3.00
Contractual services					
Bank and Finance Charges	838.17	73.66	911.83	920.00	8.17
Dues and license	420.00	-	420.00	430.00	10.00
Late fees and finance charges	-	-	-	80.00	80.00
Postage	691.75	117.82	809.57	820.00	10.43
Telephone and paging	1,380.48	88.24	1,468.72	1,470.00	1.28
Training	2,703.30	200.00	2,903.30	2,920.00	16.70
Travel	82.04	(67.61)	14.43	20.00	5.57
Commodities					
Office expense	5,333.02	38.91	5,371.93	5,380.00	8.07
Supplies - operating	505.60	(18.15)	487.45	490.00	2.55
Supplies - software	5,514.00	-	5,514.00	4,790.00	(724.00)
Capital outlay					
Equipment	498.00	-	498.00	500.00	2.00
Public Property					
Personnel					
Salaries - elected	15,000.00	-	15,000.00	15,000.00	-
Employer payroll taxes	1,147.50	-	1,147.50	1,150.00	2.50
Insurance - workmen's compensation	75.00	-	75.00	80.00	5.00
Contractual services					
Rent	1,925.16	-	1,925.16	1,930.00	4.84
Human Resources and Risk Management					
Personnel					
Salaries - employees	51,651.16	25.99	51,677.15	51,700.00	22.85
IMRF expense	5,555.47	-	5,555.47	5,680.00	124.53
Employer payroll taxes	3,557.97	-	3,557.97	3,760.00	202.03
Insurance - hospitalization and life	11,487.36	-	11,487.36	11,530.00	42.64
Insurance - workmen's compensation	263.00	-	263.00	270.00	7.00
Contractual services					
Drug & other testing	3,779.64	(16.00)	3,763.64	4,000.00	236.36
Dues and license	220.00	-	220.00	250.00	30.00
Incentive program	2,695.00	-	2,695.00	2,700.00	5.00
Postage	16.40	-	16.40	20.00	3.60
Telephone and paging	1,896.38	(29.37)	1,867.01	1,870.00	2.99
Training	301.48	-	301.48	310.00	8.52
Commodities					
Office expense	1,919.62	(36.84)	1,882.78	1,890.00	7.22
Supplies - software	449.00	-	449.00	450.00	1.00
Capital outlay					
Equipment	1,232.97	-	1,232.97	1,240.00	7.03
Other expenditures					

**City of Marion, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
Workmen's compensation related expense	95.00	-	95.00	100.00	5.00
Total General Government	\$ 2,973,215.75	\$ (53,335.61)	\$ 2,919,880.14	\$ 3,014,275.00	\$ 94,394.86
Public Health and Safety					
Police Department					
Personnel					
Salaries - employees	\$ 2,413,543.15	\$ (58,008.65)	\$ 2,355,534.50	2,403,570.00	\$ 48,035.50
IMRF expense	63,084.33	-	63,084.33	65,150.00	2,065.67
Police pension expense	569,900.00	-	569,900.00	700,000.00	130,100.00
Employer payroll taxes	64,670.25	-	64,670.25	67,230.00	2,559.75
Insurance - hospitalization and life	640,374.58	-	640,374.58	652,640.00	12,265.42
Insurance - workmen's compensation	103,919.00	-	103,919.00	103,920.00	1.00
Contractual services					
Advertising	290.68	236.79	527.47	600.00	72.53
Administrative costs	-	-	-	1,500.00	1,500.00
Attorney fees	28,303.06	(1,127.97)	27,175.09	27,180.00	4.91
Dues and license	32,091.03	-	32,091.03	32,500.00	408.97
Enhanced 911	47,257.30	4,264.92	51,522.22	60,000.00	8,477.78
Grant expenditures	35,289.64	-	35,289.64	35,300.00	10.36
Insurance - liability	60,511.00	-	60,511.00	60,520.00	9.00
Internet Access	2,206.74	(8.62)	2,198.12	2,750.00	551.88
Investigations	2,708.25	394.37	3,102.62	3,500.00	397.38
Late fees and finance charges	-	46.62	46.62	50.00	3.38
Lease of equipment	4,837.64	146.94	4,984.58	6,000.00	1,015.42
Janitorial service	12,764.30	15.60	12,779.90	14,000.00	1,220.10
Maintenance - buildings	8,300.10	55.48	8,355.58	8,360.00	4.42
Maintenance - equipment	5,609.67	(95.00)	5,514.67	10,000.00	4,485.33
Maintenance - grounds	-	-	-	500.00	500.00
Maintenance - systems	15,919.00	-	15,919.00	15,920.00	1.00
Maintenance - vehicle	18,963.42	(84.46)	18,878.96	18,880.00	1.04
Major vehicle repair	3,981.83	(1,013.36)	2,968.47	3,000.00	31.53
New hire expense	2,701.00	(1,001.00)	1,700.00	1,710.00	10.00
Postage	1,788.34	18.58	1,806.92	1,810.00	3.08
Rent	3,600.00	-	3,600.00	3,600.00	-
Telephone and paging	13,221.76	(133.99)	13,087.77	19,000.00	5,912.23
Training	15,948.48	156.99	16,105.47	16,110.00	4.53
Utilities	9,803.99	(723.00)	9,080.99	15,620.00	6,539.01
Commodities					
Fuel / oil - vehicles	79,312.74	3,551.25	82,863.99	100,000.00	17,136.01
K-9 Unit	6,522.37	(55.98)	6,466.39	6,470.00	3.61
Office expense	11,386.98	(629.92)	10,757.06	13,000.00	2,242.94
Supplies - janitorial	-	-	-	1,500.00	1,500.00
Supplies - operating	9,290.78	196.03	9,486.81	9,490.00	3.19
Supplies - software	(80.38)	(59.42)	(139.80)	-	139.80
Uniforms	26,378.66	-	26,378.66	26,500.00	121.34
Capital outlay					
Equipment	172,410.10	(643.57)	171,766.53	177,400.00	5,633.47
Other expenditures					
Debt redemption	82,642.16	-	82,642.16	82,810.00	167.84
Liability cash expense	5,032.97	7,702.13	12,735.10	12,740.00	4.90
Workmen's compensation related expense	476.15	88.05	564.20	2,500.00	1,935.80
Fire Department					
Personnel					
Salaries - elected	15,000.00	-	15,000.00	15,000.00	-
Salaries - employees	1,458,379.68	30,604.38	1,488,984.06	1,489,010.00	25.94
Firemen pension expense	387,400.00	-	387,400.00	500,000.00	112,600.00
Employer payroll taxes	18,757.97	-	18,757.97	19,110.00	352.03
Insurance - hospitalization and life	426,136.96	-	426,136.96	434,050.00	7,913.04
Insurance - workmen's compensation	322,582.00	-	322,582.00	322,600.00	18.00
Contractual services					
Drugs and other testing	-	40.00	40.00	50.00	10.00
Dues and license	1,041.61	275.00	1,316.61	1,500.00	183.39
Enhanced 911	86.24	-	86.24	90.00	3.76
Grants	1,000.00	-	1,000.00	204,170.00	203,170.00
Internet Access	253.66	(56.29)	197.37	720.00	522.63
Insurance - liability	41,678.00	-	41,678.00	42,000.00	322.00
Janitorial service	1,207.25	193.66	1,400.91	5,000.00	3,599.09
Lease of equipment	774.00	26.00	800.00	810.00	10.00
Maintenance - buildings	6,779.96	(209.64)	6,570.32	10,000.00	3,429.68
Maintenance - grounds	18.00	-	18.00	1,000.00	982.00
Maintenance - equipment	17,222.50	775.18	17,997.68	18,000.00	2.32
Maintenance - hydrant	866.25	(200.16)	666.09	1,000.00	333.91
Maintenance - vehicle	13,651.40	566.35	14,217.75	25,000.00	10,782.25
New hire expense	1,653.95	(608.21)	1,045.74	2,500.00	1,454.26

**City of Marion, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
Pest control	540.00	(45.00)	495.00	550.00	55.00
Programs	845.00	-	845.00	2,000.00	1,155.00
Telephone and paging	4,890.71	148.25	5,038.96	7,000.00	1,961.04
Training	13,899.85	(2,972.98)	10,926.87	15,000.00	4,073.13
Utilities	5,245.84	(32.67)	5,213.17	6,500.00	1,286.83
Commodities					
Boots, safety clothing	16,801.92	(242.59)	16,559.33	22,000.00	5,440.67
Fuel / oil - vehicles	13,603.94	560.03	14,163.97	16,500.00	2,336.03
Office expense	(296.05)	3,738.23	3,442.18	3,500.00	57.82
Small tools	2,723.37	(249.40)	2,473.97	5,000.00	2,526.03
Supplies - operating	5,949.13	(214.41)	5,734.72	6,500.00	765.28
Supplies - reimbursable	1,711.64	(275.00)	1,436.64	2,500.00	1,063.36
Supplies - software	(139.80)	-	(139.80)	-	139.80
Uniforms	16,920.78	361.38	17,282.16	17,500.00	217.84
Capital outlay					
Building	-	41.20	41.20	10,000.00	9,958.80
Equipment	48,241.84	1,252.58	49,494.42	55,000.00	5,505.58
Other expenditures					
Debt redemption	69,155.22	-	69,155.22	74,570.00	5,414.78
Workmen's compensation related expense	29.78	(29.78)	-	500.00	500.00
Total Public Health and Safety	\$ 7,489,573.67	\$ (13,265.08)	\$ 7,476,308.59	\$ 8,119,560.00	\$ 643,251.41
Streets, Alleys and Cemeteries					
Street Department					
Personnel					
Salaries - elected	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -
Salaries - employees	936,577.97	(9,306.72)	927,271.25	933,360.00	6,088.75
IMRF expense	96,427.00	-	96,427.00	96,430.00	3.00
Employer payroll taxes	72,920.62	(5,175.00)	67,745.62	67,760.00	14.38
Insurance - hospitalization and life	210,350.33	-	210,350.33	210,660.00	309.67
Insurance - workmen's compensation	229,794.00	-	229,794.00	230,030.00	236.00
Contractual services					
Contract labor	1,475.00	-	1,475.00	10,000.00	8,525.00
Dues and license	203.33	-	203.33	210.00	6.67
Engineering	3,785.00	-	3,785.00	3,790.00	5.00
Internet Access	1,029.91	(136.24)	893.67	1,000.00	106.33
Insurance - liability	30,902.00	-	30,902.00	32,000.00	1,098.00
Maintenance - building	5,927.34	(2,775.93)	3,151.41	3,160.00	8.59
Maintenance - equipment	31,018.19	618.66	31,636.85	37,000.00	5,363.15
Maintenance - grounds	10,653.75	(5,740.28)	4,913.47	5,000.00	86.53
Maintenance - street	61,371.35	291.00	61,662.35	88,320.00	26,657.65
Maintenance - vehicle	40,891.19	874.30	41,765.49	45,000.00	3,234.51
Pest control	880.00	(220.00)	660.00	900.00	240.00
Telephone and paging	3,166.93	(37.30)	3,129.63	3,140.00	10.37
Training	-	-	-	500.00	500.00
Utilities	26,048.94	(706.13)	25,342.81	25,350.00	7.19
Commodities					
Boots, safety clothing	6,841.93	(423.45)	6,418.48	8,000.00	1,581.52
Bulk oil	833.43	-	833.43	840.00	6.57
Cold mix	5,818.85	(984.20)	4,834.65	6,000.00	1,165.35
Chemical Expense	3,157.95	767.36	3,925.31	6,000.00	2,074.69
Fuel / oil - vehicles	107,471.69	(1,491.10)	105,980.59	106,000.00	19.41
Office expense	2,239.73	(69.87)	2,169.86	2,180.00	10.14
Paint	25,300.00	-	25,300.00	30,000.00	4,700.00
Salt	12,444.06	900.00	13,344.06	14,000.00	655.94
Small tools	5,806.17	56.25	5,862.42	7,500.00	1,637.58
Street signs	38,172.77	1,187.52	39,360.29	39,370.00	9.71
Supplies - janitorial	-	-	-	-	-
Supplies - operating	93,691.42	(6,183.66)	87,507.76	87,510.00	2.24
Supplies - road decals	2,949.61	-	2,949.61	8,000.00	5,050.39
Supplies - shop	15,803.20	(2,172.70)	13,630.50	13,640.00	9.50
Supplies - software	2,059.20	-	2,059.20	2,060.00	0.80
Uniforms	5,799.02	(697.99)	5,101.03	5,110.00	8.97
Capital outlay					
Construction costs	1,000.00	-	1,000.00	5,000.00	4,000.00
Building	13,200.00	3,896.51	17,096.51	17,100.00	3.49
Land acquisition	-	-	-	-	-
New equipment purchases	142,574.73	(656.23)	141,918.50	142,500.00	581.50
Other expenditures					
Debt redemption	69,597.74	-	69,597.74	80,610.00	11,012.26
Workmen's compensation related expense	-	-	-	1,500.00	1,500.00
Liability cash expense	1,335.77	945.81	2,281.58	3,000.00	718.42
Cemetery Department					
Personnel					

**City of Marion, Illinois
General Fund
Summary of Expenditures by Department
For the year ended April 30, 2013**

	Actual amounts, GAAP Basis	Adjustment to Budgetary Basis	Actual amounts, Budgetary Basis	Final Budget	Variance Favorable (Unfavorable)
Salaries - employees	304,585.20	769.00	305,354.20	305,690.00	335.80
IMRF expense	30,548.81	-	30,548.81	30,550.00	1.19
Employer payroll taxes	22,552.72	285.57	22,838.29	22,900.00	61.71
Insurance - hospitalization and life	32,960.39	-	32,960.39	35,310.00	2,349.61
Insurance - workmen's compensation	42,260.00	-	42,260.00	42,300.00	40.00
Contractual services					
Advertising	855.63	-	855.63	860.00	4.37
Contract labor	-	-	-	800.00	800.00
Dues and license	455.00	-	455.00	460.00	5.00
Engineering fees	16,881.75	-	16,881.75	16,900.00	18.25
Filing fees	538.00	-	538.00	540.00	2.00
Insurance - liability	16,278.00	-	16,278.00	16,290.00	12.00
Internet Access	413.68	326.27	739.95	750.00	10.05
Lease of equipment	440.00	-	440.00	700.00	260.00
Maintenance - buildings	410.63	-	410.63	1,000.00	589.37
Maintenance - grounds	864.41	-	864.41	1,000.00	135.59
Maintenance - equipment	12,891.90	2,875.20	15,767.10	15,770.00	2.90
Maintenance - vehicle	3,518.89	(83.94)	3,434.95	3,440.00	5.05
Monument repair and removal	4,714.25	-	4,714.25	4,720.00	5.75
Pest control	565.00	(155.00)	410.00	500.00	90.00
Professional fees, other	300.00	-	300.00	310.00	10.00
Telephone and paging	2,028.47	60.84	2,089.31	2,090.00	0.69
Utilities	6,262.37	149.79	6,412.16	6,500.00	87.84
Commodities					
Boots, safety clothing	1,214.70	(224.00)	990.70	1,000.00	9.30
Fuel / oil - vehicles	10,622.25	1,745.74	12,367.99	12,500.00	132.01
Office expense	875.46	(250.13)	625.33	630.00	4.67
Small tools	660.10	-	660.10	900.00	239.90
Supplies - operating	5,443.00	672.69	6,115.69	6,200.00	84.31
Supplies - Shop	62.94	-	62.94	500.00	437.06
Supplies - software	6,650.20	-	6,650.20	6,660.00	9.80
Uniforms	1,668.64	(503.86)	1,164.78	1,170.00	5.22
Capital outlay					
Equipment	33,567.33	(10,879.00)	22,688.33	24,770.00	2,081.67
Other expenditures					
Liability cash expense	-	-	-	1,000.00	1,000.00
Workmen's compensation related expense	-	-	-	500.00	500.00
Total Streets, Alleys and Cometeries	\$ 2,895,609.84	\$ (26,709.94)	\$ 2,868,899.90	\$ 2,965,490.00	\$ 96,590.10
Development					
Contractual services					
Administrative costs	\$ 36,151.40	\$ -	\$ 36,151.40	\$ 36,160.00	\$ 8.60
Sales tax reimbursement program	198,157.00	6,248.00	204,405.00	204,410.00	5.00
Capital outlay					
Rehabilitation costs	286,574.00	(1,700.00)	284,874.00	334,800.00	49,926.00
Other expenditures					
Ball park payments	601,349.00	-	601,349.00	601,350.00	1.00
Total Housing Rehabilitation	\$ 1,122,231.40	\$ 4,548.00	\$ 1,126,779.40	\$ 1,176,720.00	\$ 49,940.60
Total General Fund Expenditures	\$ 14,480,630.66	\$ (88,762.63)	\$ 14,391,868.03	\$ 15,276,045.00	\$ 884,176.97

See accompanying notes to financial statements.

**City of Marion, Illinois
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2013**

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Budget</u>	<u>Revenues Prior Years</u>	<u>Revenues 5/1/12 - 4/30/2013</u>	<u>Expenditures Prior Years</u>	<u>Expenditures 5/1/12 - 4/30/2013</u>	<u>Final Status</u>
U.S. Department of Agriculture passed through the Illinois State Board of Education:								
Summer Food Service Program	10.559	21100017P00	N/A	\$ -	\$ 11,291.57	\$ -	\$ 11,291.57	\$ 11,291.57
Child and Adult Care Food Program	10.558	21100017P00	N/A	-	11,778.44	-	11,778.44	11,778.44
Total U.S. Department of Agriculture				\$ -	\$ 23,070.01	\$ -	\$ 23,070.01	\$ 23,070.01
U.S. Department of Homeland Security passed through the Illinois Emergency Management Agency:								
Emergency Management Performance Grant	97.042	11NBEMWILLI	799.99	\$ -	\$ 799.99	\$ -	\$ 799.99	\$ 799.99
State Homeland Security Program	97.067	10MABA50TB	4,927.63	-	4,927.63	-	4,927.63	4,927.63
U.S. Department of Homeland Security passed through the Federal Emergency Management Agency:								
Staffing for Adequate Fire and Emergency Response	97.083	EMW-2007-FF-01132	288,181.00	279,035.07	12,395.77	279,035.07	12,395.77	291,430.84
Total U.S. Department of Homeland Security				\$ 279,035.07	\$ 18,123.39	\$ 279,035.07	\$ 18,123.39	\$ 297,158.46
U.S. Department of Transportation passed through the Illinois Department of Transportation:								
Highway Planning and Construction	20.205	M-5041(019)	80,000.00	\$ 59,307.22	\$ 13,317.80	\$ 59,307.22	\$ 13,317.80	\$ 72,625.02
U.S. Department of Housing and Urban Development passed through the Illinois Department of Commerce and Economic Opportunity:								
Community Development Block Grant	14.228	B-11-DC-17-0001	\$ 392,500.00	\$ 265,207.00	\$ 127,293.00	\$ 249,346.00	\$ 143,154.00	\$ 392,500.00
U.S. Department of Housing and Urban Development passed through the Illinois Housing Development Authority:								
Single Family Owner-Occupied Rehabilitation Program	14.239	HO-50530	\$ 210,000.00	-	179,273.00	-	179,273.00	179,273.00
Total U.S. Department of Housing and Urban Development				\$ 265,207.00	\$ 308,566.00	\$ 249,346.00	\$ 322,427.00	\$ 571,773.00
U.S. Department of Health and Human Services passed through the Illinois Department of Insurance:								
Senior Health Insurance Program	93.779	11-P-202/24-5/16	\$ 6,120.00	\$ 6,120.00	\$ -	\$ 1,621.36	\$ 4,498.64	\$ 6,120.00
Senior Health Insurance Program	93.779	11-P-202/24-5/16	2,500.00	-	2,500.00	-	983.05	983.05
Total U.S. Department of Health and Human Services				\$ 6,120.00	\$ 2,500.00	\$ 1,621.36	\$ 5,481.69	\$ 7,103.05
U. S. Environmental Protection Agency passed through the Illinois Environmental Protection Agency:								
(M) Illinois EPA Water Pollution Control Loan Program	66.458	L174567	\$ 2,793,137.00	\$ 473,036.00	\$ 1,789,346.00	\$ 473,036.00	\$ 1,789,346.00	\$ 2,262,362.00
(M) Illinois EPA Water Pollution Control Loan Program	66.458	L174025	1,583,686.00	402,097.00	955,746.50	402,097.00	955,748.60	1,357,845.60
Total U.S. Environmental Protection Agency				\$ 875,133.00	\$ 2,745,094.50	\$ 875,133.00	\$ 2,745,094.60	\$ 3,820,227.60
U.S. Department of Justice:								
Justice Assistance Grant Program	16.738	2011-DJ-BX-3317	\$ 11,800.00	\$ 11,484.50	\$ 1,388.00	\$ 11,484.50	\$ 1,041.00	\$ 12,525.50
Justice Assistance Grant Program	16.738	2012-DJ-BX-1071	10,265.00	-	10,265.00	-	10,265.00	10,265.00

See accompanying notes to schedule of expenditures of federal awards.

City of Marion, Illinois
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2013

Federal Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	Grant Number	Budget	Revenues Prior Years	Revenues 5/1/12 - 4/30/2013	Expenditures Prior Years	Expenditures 5/1/12 - 4/30/2013	Final Status
Total U.S. Department of Justice				\$ 11,484.50	\$ 11,653.00	\$ 11,484.50	\$ 11,308.00	\$ 22,790.50
Institute of Museum and Library Sciences passed through the Illinois State Library:								
LSTA Act	45.310	2012-13	\$ 4,800.00	\$ -	\$ 4,800.00	\$ -	\$ 4,800.00	\$ 4,800.00
LSTA Act	45.310	LSTA-12-0210-4001	4,958.00	4,958.00	-	3,703.69	1,254.31	4,958.00
Total Institute of Museum and Library Sciences				\$ 4,958.00	\$ 4,800.00	\$ 3,703.69	\$ 6,054.31	\$ 9,758.00
Federal Emergency Management Agency passed through the Illinois Emergency Management Agency:								
Federal Emergency Management Agency	97.036	1850-199-46916-00	\$ 7,911.63	\$ -	\$ 7,911.63	\$ -	\$ 7,911.63	\$ 7,911.63
National Endowment for Humanities passed through the Illinois Humanities Council:								
Project/Media/Technical Assistant Grant	45.129	4877	\$ 5,000.00	\$ 1,800.00	\$ 200.00	\$ -	\$ 2,000.00	\$ 2,000.00
Total Federal Financial Assistance				\$ 1,503,044.79	\$ 3,133,236.33	\$ 1,479,630.84	\$ 3,154,786.43	\$ 4,634,417.27

(M) Denotes a major federal financial assistance program.

City of Marion, Illinois
Notes to Schedule of Expenditures of Federal Awards
for the Year Ended April 30, 2013

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Marion, Illinois and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B - Subrecipients

The City of Marion, Illinois did not provide federal awards to any subrecipients.

Note C - Nonmonetary Assistance

There was no nonmonetary assistance reported in the schedule of expenditures of federal awards.

Note D - Insurance

There is no insurance involving federal expenditures.

Note E - Loans Outstanding

The water department of the City of Marion is responsible for the repayment of the ARRA Capitalization for Drinking Water Project and Public Water Supply Loan Program funds to the Illinois EPA. This is an interest-free loan over 20 years with semi-annual payments. The Illinois EPA has forgiven \$142,845.00 of the ARRA debt proceeds. The balance outstanding at April 30, 2013 is \$426,600.26.

The sewer department of the City of Marion is responsible for the repayment of the Illinois EPA Water Pollution Control loans. Both loans are at an interest rate of 1.25% over 20 years with semi-annual payments. The Illinois EPA has forgiven \$1,094,207.00 of the debt proceeds. The balance outstanding of loans not forgiven at April 30, 2013 is \$3,209,295.19.

**CITY OF MARION, ILLINOIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified ___ yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es) ___ yes X none reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? ___ yes X no

Identification of major programs?

CFDA Number	Name of Federal Program or Cluster
66.458	IL EPA Water Pollution Control Loan Program

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee? ___ yes X no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

CITY OF MARION, ILLINOIS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
APRIL 30, 2013

**Finding
Number**

Condition

Current Status

None