

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2010

CITY OF MARION

GRANT COUNTY, INDIANA



FILED
07/18/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Cindy Wright	01-01-10 to 12-31-11
Clerk	Kathleen A. Kiley	01-01-08 to 12-31-11
Mayor	Wayne W. Seybold	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Ray Harris	01-01-10 to 12-31-11
President of the Common Council	Madonna M. French Bradley N. Luzadder	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE CITY OF MARION, GRANT COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Marion (City), for the year ended December 31, 2010. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 28, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, the Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 28, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF THE CITY OF MARION, GRANT COUNTY, INDIANA

We have audited the financial statement of the City of Marion (City), for the year ended December 31, 2010, and have issued our report thereon dated June 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1, that we consider to be significant deficiencies in internal control over financial reporting. 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of 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.

The City's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's management, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 28, 2011

FINANCIAL STATEMENT(S)

CITY OF MARION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 687,611	\$ 27,649,162	\$ 28,325,301	\$ 11,472
Motor Vehicle Highway	393,171	1,962,878	1,956,073	399,976
Local Road and Street	11	247,951	244,820	3,142
Aviation Commission	156,582	232,603	212,920	176,265
Park Nonreverting Operating	(63,036)	677,026	570,574	43,416
Insurance Reserve	82,480	4,873,137	5,806,085	(850,468)
Supplemental Adult Probation Services	10,539	6,928	9,859	7,608
City Donation	3,210	-	-	3,210
Washington Street Economic Development	256	-	-	256
Parking Enforcement	5,398	3,266	-	8,664
IDOT	(8,892)	18,899	18,899	(8,892)
Abandoned Vehicles	799	870	-	1,669
Economic Development Commission	5,893	350	-	6,243
Law Enforcement Continuing Education	31,416	17,376	17,048	31,744
County Share Clerk's Fees	5,036	10,896	15,932	-
Unsafe Building	-	170,574	215,246	(44,672)
COPS Grant	-	239,209	230,858	8,351
Park and Recreation	(280,773)	605,245	513,778	(189,306)
User Fee	3,129	7,327	-	10,456
Fire Department Donation	7,556	1,219	12	8,763
Justice Assistance Grant	10,200	18,488	20,399	8,289
Employees Flexible Spending Account	88,581	141,660	145,348	84,893
Investment Incentive Recaptured	58,768	223,564	142,996	139,336
Rainy Day	516,771	117,040	551,000	82,811
Animal Control	326	68,478	107,380	(38,576)
County Economic Development Income Tax	-	791,258	-	791,258
Reduce Drunk Driving	8,868	28,439	27,544	9,763
Environmental Public Nuisance	2,059	5,368	5,544	1,883
Victims Advocacy Grant	(3,203)	29,636	34,083	(7,650)
Emergency Gas Award	2,900	-	-	2,900
Juvenile Assistance Grant	221	-	-	221
Group Gasoline	132,602	376,248	446,347	62,503
Public Works Scrapping	972	2,170	-	3,142
Federal Equitable Sharing Program	5	-	-	5
Water Loop Improvements	72	-	-	72
Special Projects Engineer	25	-	-	25
Stimulus Grant	-	411,497	411,497	-
Court Cost Due County	12,678	32,738	45,416	-
Police Department Donation	7,552	23,909	25,706	5,755
Special Park Revolving	605	-	605	-
BAN 2010	-	2,926,545	2,926,544	1
City Bond and Interest	45,259	201,114	196,469	49,904
2005 Park Bond Construction	47,420	40	47,456	4
Park Bond	242,910	394,638	411,975	225,573
Cumulative Capital Development	431,323	335,517	568,138	198,702
Industrial Development	2,101,503	1,164,977	1,133,219	2,133,261
Cumulative Capital Improvement	113,390	91,704	104,009	101,085
Airport Capital Improvement	197,525	197,628	191,992	203,161
TIF Allocation	2,749,791	2,967,907	5,191,034	526,664
2006 Bond Anticipation Note	35,043	44	35,084	3
1925 Police Pension	4,791	1,067,470	1,028,081	44,180
1937 Fire Pension	6,100	1,455,197	1,417,112	44,185
City Clerk	124,795	526,250	528,492	122,553
City Court Probation	-	42,615	42,615	-
Payroll - Net	-	79,296	79,296	-
Payroll - Unknown	49,334	-	49,334	-
Payroll - Civil PERF	-	3,675	3,675	-
Payroll - Federal	-	1,224,064	1,224,064	-
Payroll - State	-	419,555	419,555	-
Payroll - FICA	-	454,534	454,534	-
Payroll - County	-	217,774	217,774	-
Payroll - Credit Union	-	629,882	629,882	-
Payroll - Allstate Accident	-	1,117	1,117	-
Payroll - Allstate Life	-	381	381	-

The notes to the financial statement(s) are an integral part of this statement.

CITY OF MARION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Payroll - Anthem Insurance	-	113,961	113,961	-
Payroll - AFLAC Accident	-	18,567	18,567	-
Payroll - AFLAC Cancer	-	9,452	9,452	-
Payroll - AFLAC Personal Recovery Plus	-	1,891	1,891	-
Payroll - AFLAC Disability	-	9,351	9,351	-
Payroll - AFLAC Dental Employee	-	108,725	108,725	-
Payroll - Fire Union Dues	-	25,925	25,925	-
Payroll - United Way	-	4,982	4,982	-
State Administration Child Support Fee	-	550	550	-
Payroll - Medicare	-	278,579	278,579	-
Payroll - AFLAC Life Insurance	-	2,492	2,492	-
Payroll - Direct Deposit	-	9,046,905	9,046,905	-
Old Payroll	531	-	531	-
Payroll - Voluntary PERF	-	99,495	99,495	-
Payroll - Garnishment	-	18,464	18,464	-
Payroll - Flex Reimbursement	-	26,318	26,318	-
Payroll - Transportation Union	-	4,449	4,449	-
Payroll - Street Union Dues	-	8,531	8,531	-
Payroll - YMCA Dues	-	23,079	23,079	-
Payroll - Chaplaincy Program	-	5,087	5,087	-
Payroll - Firefighters PAC	-	4,688	4,688	-
Payroll - Miscellaneous Fees	-	939	939	-
Payroll - Police Union Dues	-	17,528	17,528	-
Payroll - Allstate Dental	-	688	688	-
Allstate Term Life	-	145	145	-
Payroll - Cincinnati Life Insurance	-	4,185	4,185	-
Payroll - Transamerica	-	2,655	2,655	-
Payroll - Child Support Fee	-	1,024	1,024	-
Payroll - Child Support	-	127,226	127,226	-
Payroll - Wilson Madison County	-	10,140	10,140	-
Payroll - Loper/Department of Education	-	3,265	3,265	-
Payroll - Madison County Clerk	-	7,436	7,436	-
Payroll - Delinquent County Taxes	-	5,875	5,875	-
Payroll - Social Security Additional	-	3,489	3,489	-
Payroll - IRS Levy 3	-	1,476	1,476	-
Payroll- Treasurer of People	-	104	104	-
City of Marion-Vehicles	-	32,660	32,660	-
City of Marion-Cell Phones	-	9,680	9,680	-
Grange Life Insurance	-	24,528	24,528	-
Oneamerica	-	108,646	108,646	-
Monumental Life	-	2,625	2,625	-
IRS Levy MC	-	9,273	9,273	-
Liberty National	-	8,251	8,251	-
Storm Water Operating	166,352	1,218,813	1,151,714	233,451
Storm Water Bond and Interest	292,013	387,044	389,959	289,098
Storm Water Depreciation	280,239	136,615	335,137	81,717
Storm Water Construction	268,570	869,668	763,018	375,220
Storm Water Depreciation Equipment Reserve	208,201	25,000	-	233,201
Storm Water Bond Reserve	429,920	-	-	429,920
Wastewater Operating	123,663	2,503,486	2,436,144	191,005
Wastewater Depreciation	367,462	376,668	732,537	11,593
Wastewater Customer Deposit	203,660	63,665	58,540	208,785
Wastewater Construction	473,266	545,847	928,954	90,159
Water Operating	524,227	3,161,387	3,231,250	454,364
Water Bond and Interest	114,767	-	-	114,767
Water Depreciation	112,402	468,407	338,719	242,090
Water Consumer Deposit	231,457	65,965	62,440	234,982
Water Construction	948,422	1,955,434	1,851,678	1,052,178
Water Cash With Fiscal Agent	31,988	28	13,531	18,485
Water Quail Hollow	21,700	-	-	21,700
Water Bond Debt Reserve	97,500	-	-	97,500
Totals	<u>\$ 12,925,912</u>	<u>\$ 75,368,689</u>	<u>\$ 79,490,583</u>	<u>\$ 8,804,018</u>

The notes to the financial statement(s) are an integral part of this statement.

CITY OF MARION
NOTES TO FINANCIAL STATEMENT(S)

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MARION
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF MARION
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF MARION
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

CITY OF MARION
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

B. 1925 Police Officers' Pension Plan

Plan Description

The 1925 Police Officers' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

CITY OF MARION
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Marion's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road and Street	Aviation Commission	Park Nonreverting Operating	Insurance Reserve
Cash and investments - beginning	\$ 687,611	\$ 393,171	\$ 11	\$ 156,582	\$ (63,036)	\$ 82,480
Receipts:						
Taxes	10,893,421	1,025,517	-	218,574	-	-
Licenses and permits	133,847	7,149	-	-	-	-
Intergovernmental	5,306,720	913,645	247,951	14,029	-	-
Charges for services	866,956	2,760	-	-	677,026	-
Fines and forfeits	101,656	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>10,346,562</u>	<u>13,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,873,137</u>
Total receipts	<u>27,649,162</u>	<u>1,962,878</u>	<u>247,951</u>	<u>232,603</u>	<u>677,026</u>	<u>4,873,137</u>
Disbursements:						
Personal services	14,102,281	1,167,880	-	-	202,188	-
Supplies	486,275	407,376	-	2,091	28,766	-
Other services and charges	4,207,746	380,817	244,820	210,829	339,431	5,806,085
Capital outlay	56,789	-	-	-	-	-
Other disbursements	<u>9,472,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>-</u>
Total disbursements	<u>28,325,301</u>	<u>1,956,073</u>	<u>244,820</u>	<u>212,920</u>	<u>570,574</u>	<u>5,806,085</u>
Excess (deficiency) of receipts over disbursements	<u>(676,139)</u>	<u>6,805</u>	<u>3,131</u>	<u>19,683</u>	<u>106,452</u>	<u>(932,948)</u>
Cash and investments - ending	<u>\$ 11,472</u>	<u>\$ 399,976</u>	<u>\$ 3,142</u>	<u>\$ 176,265</u>	<u>\$ 43,416</u>	<u>\$ (850,468)</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Supplemental Adult Probation Services	City Donation	Washington Street Economic Development	Parking Enforcement	IDOT	Abandoned Vehicles
Cash and investments - beginning	\$ 10,539	\$ 3,210	\$ 256	\$ 5,398	\$ (8,892)	\$ 799
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	3,266	-	-
Fines and forfeits	6,928	-	-	-	-	870
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	18,899	-
Total receipts	<u>6,928</u>	<u>-</u>	<u>-</u>	<u>3,266</u>	<u>18,899</u>	<u>870</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	1,484	-	-	-	-	-
Other services and charges	8,375	-	-	-	18,899	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>9,859</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,899</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,931)</u>	<u>-</u>	<u>-</u>	<u>3,266</u>	<u>-</u>	<u>870</u>
Cash and investments - ending	<u>\$ 7,608</u>	<u>\$ 3,210</u>	<u>\$ 256</u>	<u>\$ 8,664</u>	<u>\$ (8,892)</u>	<u>\$ 1,669</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Economic Development Commission	Law Enforcement Continuing Education	County Share Clerk's Fees	Unsafe Building	COPS Grant	Park and Recreation
Cash and investments - beginning	\$ 5,893	\$ 31,416	\$ 5,036	\$ -	\$ -	\$ (280,773)
Receipts:						
Taxes	-	-	-	-	-	570,825
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	34,261
Charges for services	-	14,895	-	-	-	-
Fines and forfeits	350	2,481	10,896	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	170,574	239,209	159
Total receipts	<u>350</u>	<u>17,376</u>	<u>10,896</u>	<u>170,574</u>	<u>239,209</u>	<u>605,245</u>
Disbursements:						
Personal services	-	-	-	-	230,858	300,013
Supplies	-	-	-	-	-	47,278
Other services and charges	-	17,048	-	215,246	-	166,487
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	15,932	-	-	-
Total disbursements	<u>-</u>	<u>17,048</u>	<u>15,932</u>	<u>215,246</u>	<u>230,858</u>	<u>513,778</u>
Excess (deficiency) of receipts over disbursements	<u>350</u>	<u>328</u>	<u>(5,036)</u>	<u>(44,672)</u>	<u>8,351</u>	<u>91,467</u>
Cash and investments - ending	<u>\$ 6,243</u>	<u>\$ 31,744</u>	<u>\$ -</u>	<u>\$ (44,672)</u>	<u>\$ 8,351</u>	<u>\$ (189,306)</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	User Fee	Fire Department Donation	Justice Assistance Grant	Employees Flexible Spending Account	Investment Incentive Recaptured	Rainy Day
Cash and investments - beginning	\$ 3,129	\$ 7,556	\$ 10,200	\$ 88,581	\$ 58,768	\$ 516,771
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	18,488	-	-	117,040
Charges for services	-	-	-	141,660	-	-
Fines and forfeits	7,327	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,219	-	-	223,564	-
Total receipts	<u>7,327</u>	<u>1,219</u>	<u>18,488</u>	<u>141,660</u>	<u>223,564</u>	<u>117,040</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	12	-	-	1,258	-
Capital outlay	-	-	20,399	-	-	-
Other disbursements	-	-	-	145,348	141,738	551,000
Total disbursements	<u>-</u>	<u>12</u>	<u>20,399</u>	<u>145,348</u>	<u>142,996</u>	<u>551,000</u>
Excess (deficiency) of receipts over disbursements	<u>7,327</u>	<u>1,207</u>	<u>(1,911)</u>	<u>(3,688)</u>	<u>80,568</u>	<u>(433,960)</u>
Cash and investments - ending	<u>\$ 10,456</u>	<u>\$ 8,763</u>	<u>\$ 8,289</u>	<u>\$ 84,893</u>	<u>\$ 139,336</u>	<u>\$ 82,811</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Animal Control	County Economic Development Income Tax	Reduce Drunk Driving	Environmental Public Nuisance	Victims Advocacy Grant	Emergency Gas Award
Cash and investments - beginning	\$ 326	\$ -	\$ 8,868	\$ 2,059	\$ (3,203)	\$ 2,900
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	791,258	28,439	-	29,636	-
Charges for services	68,478	-	-	5,368	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>68,478</u>	<u>791,258</u>	<u>28,439</u>	<u>5,368</u>	<u>29,636</u>	<u>-</u>
Disbursements:						
Personal services	-	-	21,550	-	34,083	-
Supplies	56	-	-	-	-	-
Other services and charges	107,324	-	-	5,544	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	5,994	-	-	-
Total disbursements	<u>107,380</u>	<u>-</u>	<u>27,544</u>	<u>5,544</u>	<u>34,083</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(38,902)</u>	<u>791,258</u>	<u>895</u>	<u>(176)</u>	<u>(4,447)</u>	<u>-</u>
Cash and investments - ending	<u>\$ (38,576)</u>	<u>\$ 791,258</u>	<u>\$ 9,763</u>	<u>\$ 1,883</u>	<u>\$ (7,650)</u>	<u>\$ 2,900</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Juvenile Assistance Grant	Group Gasoline	Public Works Scrapping	Federal Equitable Sharing Program	Water Loop Improvements	Special Projects Engineer
Cash and investments - beginning	\$ 221	\$ 132,602	\$ 972	\$ 5	\$ 72	\$ 25
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	376,248	2,170	-	-	-
Total receipts	-	376,248	2,170	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	446,347	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	446,347	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	(70,099)	2,170	-	-	-
Cash and investments - ending	\$ 221	\$ 62,503	\$ 3,142	\$ 5	\$ 72	\$ 25

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Stimulus Grant	Court Cost Due County	Police Department Donation	Special Park Revolving	BAN 2010	City Bond and Interest
Cash and investments - beginning	\$ -	\$ 12,678	\$ 7,552	\$ 605	\$ -	\$ 45,259
Receipts:						
Taxes	-	-	-	-	-	188,131
Licenses and permits	-	-	-	-	-	-
Intergovernmental	411,497	-	3,000	-	-	12,983
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	32,738	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	20,909	-	2,926,545	-
Total receipts	411,497	32,738	23,909	-	2,926,545	201,114
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	14,296	-	-	-
Other services and charges	-	-	2,723	-	-	196,469
Capital outlay	411,497	-	8,687	-	-	-
Other disbursements	-	45,416	-	605	2,926,544	-
Total disbursements	411,497	45,416	25,706	605	2,926,544	196,469
Excess (deficiency) of receipts over disbursements	-	(12,678)	(1,797)	(605)	1	4,645
Cash and investments - ending	\$ -	\$ -	\$ 5,755	\$ -	\$ 1	\$ 49,904

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	2005 Park Bond Construction	Park Bond	Cumulative Capital Development	Industrial Development	Cumulative Capital Improvement	Airport Capital Improvement
Cash and investments - beginning	\$ 47,420	\$ 242,910	\$ 431,323	\$ 2,101,503	\$ 113,390	\$ 197,525
Receipts:						
Taxes	-	371,479	316,526	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	21,659	18,991	-	91,704	-
Charges for services	-	-	-	-	-	190,815
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	40	1,500	-	1,164,977	-	6,813
Total receipts	40	394,638	335,517	1,164,977	91,704	197,628
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	47,456	411,975	137,633	1,133,219	-	-
Capital outlay	-	-	430,505	-	104,009	191,992
Other disbursements	-	-	-	-	-	-
Total disbursements	47,456	411,975	568,138	1,133,219	104,009	191,992
Excess (deficiency) of receipts over disbursements	(47,416)	(17,337)	(232,621)	31,758	(12,305)	5,636
Cash and investments - ending	\$ 4	\$ 225,573	\$ 198,702	\$ 2,133,261	\$ 101,085	\$ 203,161

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	TIF Allocation	2006 Bond Anticipation Note	1925 Police Pension	1937 Fire Pension	City Clerk	City Court Probation
Cash and investments - beginning	\$ 2,749,791	\$ 35,043	\$ 4,791	\$ 6,100	\$ 124,795	\$ -
Receipts:						
Taxes	2,932,880	-	804	811	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	1,066,666	1,454,386	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>35,027</u>	<u>44</u>	<u>-</u>	<u>-</u>	<u>526,250</u>	<u>42,615</u>
Total receipts	<u>2,967,907</u>	<u>44</u>	<u>1,067,470</u>	<u>1,455,197</u>	<u>526,250</u>	<u>42,615</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	100	-	-
Other services and charges	5,191,034	35,084	1,028,081	1,417,012	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>528,492</u>	<u>42,615</u>
Total disbursements	<u>5,191,034</u>	<u>35,084</u>	<u>1,028,081</u>	<u>1,417,112</u>	<u>528,492</u>	<u>42,615</u>
Excess (deficiency) of receipts over disbursements	<u>(2,223,127)</u>	<u>(35,040)</u>	<u>39,389</u>	<u>38,085</u>	<u>(2,242)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 526,664</u>	<u>\$ 3</u>	<u>\$ 44,180</u>	<u>\$ 44,185</u>	<u>\$ 122,553</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - Net	Payroll - Unknown	Payroll - Civil PERF	Payroll - Federal	Payroll - State	Payroll - FICA
Cash and investments - beginning	\$ -	\$ 49,334	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>79,296</u>	<u>-</u>	<u>3,675</u>	<u>1,224,064</u>	<u>419,555</u>	<u>454,534</u>
Total receipts	<u>79,296</u>	<u>-</u>	<u>3,675</u>	<u>1,224,064</u>	<u>419,555</u>	<u>454,534</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>79,296</u>	<u>49,334</u>	<u>3,675</u>	<u>1,224,064</u>	<u>419,555</u>	<u>454,534</u>
Total disbursements	<u>79,296</u>	<u>49,334</u>	<u>3,675</u>	<u>1,224,064</u>	<u>419,555</u>	<u>454,534</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(49,334)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - County	Payroll - Credit Union	Payroll - Allstate Accident	Payroll - Allstate Life	Payroll - Anthem Insurance	Payroll - AFLAC Accident
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>217,774</u>	<u>629,882</u>	<u>1,117</u>	<u>381</u>	<u>113,961</u>	<u>18,567</u>
Total receipts	<u>217,774</u>	<u>629,882</u>	<u>1,117</u>	<u>381</u>	<u>113,961</u>	<u>18,567</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>217,774</u>	<u>629,882</u>	<u>1,117</u>	<u>381</u>	<u>113,961</u>	<u>18,567</u>
Total disbursements	<u>217,774</u>	<u>629,882</u>	<u>1,117</u>	<u>381</u>	<u>113,961</u>	<u>18,567</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - AFLAC Cancer	Payroll - AFLAC Personal Recovery Plus	Payroll - AFLAC Disability	Payroll - AFLAC Dental Employee	Payroll - Fire Union Dues	Payroll - United Way
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>9,452</u>	<u>1,891</u>	<u>9,351</u>	<u>108,725</u>	<u>25,925</u>	<u>4,982</u>
Total receipts	<u>9,452</u>	<u>1,891</u>	<u>9,351</u>	<u>108,725</u>	<u>25,925</u>	<u>4,982</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>9,452</u>	<u>1,891</u>	<u>9,351</u>	<u>108,725</u>	<u>25,925</u>	<u>4,982</u>
Total disbursements	<u>9,452</u>	<u>1,891</u>	<u>9,351</u>	<u>108,725</u>	<u>25,925</u>	<u>4,982</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	State Administration Child Support Fee	Payroll - Medicare	Payroll - AFLAC Life Insurance	Payroll - Direct Deposit	Old Payroll	Payroll - Voluntary PERF
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 531	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>550</u>	<u>278,579</u>	<u>2,492</u>	<u>9,046,905</u>	<u>-</u>	<u>99,495</u>
Total receipts	<u>550</u>	<u>278,579</u>	<u>2,492</u>	<u>9,046,905</u>	<u>-</u>	<u>99,495</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>550</u>	<u>278,579</u>	<u>2,492</u>	<u>9,046,905</u>	<u>531</u>	<u>99,495</u>
Total disbursements	<u>550</u>	<u>278,579</u>	<u>2,492</u>	<u>9,046,905</u>	<u>531</u>	<u>99,495</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(531)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - Garnishment	Payroll - Flex Reimbursement	Payroll - Transportation Union	Payroll - Street Union Dues	Payroll - YMCA Dues	Payroll - Chaplaincy Program
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>18,464</u>	<u>26,318</u>	<u>4,449</u>	<u>8,531</u>	<u>23,079</u>	<u>5,087</u>
Total receipts	<u>18,464</u>	<u>26,318</u>	<u>4,449</u>	<u>8,531</u>	<u>23,079</u>	<u>5,087</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>18,464</u>	<u>26,318</u>	<u>4,449</u>	<u>8,531</u>	<u>23,079</u>	<u>5,087</u>
Total disbursements	<u>18,464</u>	<u>26,318</u>	<u>4,449</u>	<u>8,531</u>	<u>23,079</u>	<u>5,087</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - Firefighters PAC	Payroll - Miscellaneous Fees	Payroll - Police Union Dues	Payroll - Allstate Dental	Allstate Term Life	Payroll - Cincinnati Life Insurance
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>4,688</u>	<u>939</u>	<u>17,528</u>	<u>688</u>	<u>145</u>	<u>4,185</u>
Total receipts	<u>4,688</u>	<u>939</u>	<u>17,528</u>	<u>688</u>	<u>145</u>	<u>4,185</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>4,688</u>	<u>939</u>	<u>17,528</u>	<u>688</u>	<u>145</u>	<u>4,185</u>
Total disbursements	<u>4,688</u>	<u>939</u>	<u>17,528</u>	<u>688</u>	<u>145</u>	<u>4,185</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - Transamerica	Payroll - Child Support Fee	Payroll - Child Support	Payroll - Wilson Madison County	Payroll - Loper/Department of Education	Payroll - Madison County Clerk
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>2,655</u>	<u>1,024</u>	<u>127,226</u>	<u>10,140</u>	<u>3,265</u>	<u>7,436</u>
Total receipts	<u>2,655</u>	<u>1,024</u>	<u>127,226</u>	<u>10,140</u>	<u>3,265</u>	<u>7,436</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>2,655</u>	<u>1,024</u>	<u>127,226</u>	<u>10,140</u>	<u>3,265</u>	<u>7,436</u>
Total disbursements	<u>2,655</u>	<u>1,024</u>	<u>127,226</u>	<u>10,140</u>	<u>3,265</u>	<u>7,436</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Payroll - Delinquent County Taxes	Payroll - Social Security Additional	Payroll - IRS Levy 3	Payroll - Treasurer of People	City of Marion - Vehicles	City of Marion - Cell Phones
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>5,875</u>	<u>3,489</u>	<u>1,476</u>	<u>104</u>	<u>32,660</u>	<u>9,680</u>
Total receipts	<u>5,875</u>	<u>3,489</u>	<u>1,476</u>	<u>104</u>	<u>32,660</u>	<u>9,680</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>5,875</u>	<u>3,489</u>	<u>1,476</u>	<u>104</u>	<u>32,660</u>	<u>9,680</u>
Total disbursements	<u>5,875</u>	<u>3,489</u>	<u>1,476</u>	<u>104</u>	<u>32,660</u>	<u>9,680</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Grange Life Insurance	Oneamerica	Monumental Life	IRS Levy MC	Liberty National	Storm Water Operating
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166,352
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>24,528</u>	<u>108,646</u>	<u>2,625</u>	<u>9,273</u>	<u>8,251</u>	<u>1,218,813</u>
Total receipts	<u>24,528</u>	<u>108,646</u>	<u>2,625</u>	<u>9,273</u>	<u>8,251</u>	<u>1,218,813</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>24,528</u>	<u>108,646</u>	<u>2,625</u>	<u>9,273</u>	<u>8,251</u>	<u>1,151,714</u>
Total disbursements	<u>24,528</u>	<u>108,646</u>	<u>2,625</u>	<u>9,273</u>	<u>8,251</u>	<u>1,151,714</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	67,099
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,451</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Storm Water Bond and Interest	Storm Water Depreciation	Storm Water Construction	Storm Water Depreciation Equipment Reserve	Storm Water Bond Reserve	Wastewater Operating
Cash and investments - beginning	\$ 292,013	\$ 280,239	\$ 268,570	\$ 208,201	\$ 429,920	\$ 123,663
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>387,044</u>	<u>136,615</u>	<u>869,668</u>	<u>25,000</u>	<u>-</u>	<u>2,503,486</u>
Total receipts	<u>387,044</u>	<u>136,615</u>	<u>869,668</u>	<u>25,000</u>	<u>-</u>	<u>2,503,486</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>389,959</u>	<u>335,137</u>	<u>763,018</u>	<u>-</u>	<u>-</u>	<u>2,436,144</u>
Total disbursements	<u>389,959</u>	<u>335,137</u>	<u>763,018</u>	<u>-</u>	<u>-</u>	<u>2,436,144</u>
Excess (deficiency) of receipts over disbursements	<u>(2,915)</u>	<u>(198,522)</u>	<u>106,650</u>	<u>25,000</u>	<u>-</u>	<u>67,342</u>
Cash and investments - ending	<u>\$ 289,098</u>	<u>\$ 81,717</u>	<u>\$ 375,220</u>	<u>\$ 233,201</u>	<u>\$ 429,920</u>	<u>\$ 191,005</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Depreciation	Wastewater Customer Deposit	Wastewater Construction	Water Operating	Water Bond and Interest	Water Depreciation
Cash and investments - beginning	\$ 367,462	\$ 203,660	\$ 473,266	\$ 524,227	\$ 114,767	\$ 112,402
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	3,161,387	-	-
Other receipts	<u>376,668</u>	<u>63,665</u>	<u>545,847</u>	<u>-</u>	<u>-</u>	<u>468,407</u>
Total receipts	<u>376,668</u>	<u>63,665</u>	<u>545,847</u>	<u>3,161,387</u>	<u>-</u>	<u>468,407</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>732,537</u>	<u>58,540</u>	<u>928,954</u>	<u>3,231,250</u>	<u>-</u>	<u>338,719</u>
Total disbursements	<u>732,537</u>	<u>58,540</u>	<u>928,954</u>	<u>3,231,250</u>	<u>-</u>	<u>338,719</u>
Excess (deficiency) of receipts over disbursements	<u>(355,869)</u>	<u>5,125</u>	<u>(383,107)</u>	<u>(69,863)</u>	<u>-</u>	<u>129,688</u>
Cash and investments - ending	<u>\$ 11,593</u>	<u>\$ 208,785</u>	<u>\$ 90,159</u>	<u>\$ 454,364</u>	<u>\$ 114,767</u>	<u>\$ 242,090</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Consumer Deposit	Water Construction	Water Cash With Fiscal Agent	Water Quail Hollow	Water Bond Debt Reserve	Totals
Cash and investments - beginning	\$ 231,457	\$ 948,422	\$ 31,988	\$ 21,700	\$ 97,500	\$ 12,925,912
Receipts:						
Taxes	-	-	-	-	-	16,518,968
Licenses and permits	-	-	-	-	-	140,996
Intergovernmental	-	-	-	-	-	10,582,353
Charges for services	-	-	-	-	-	1,971,224
Fines and forfeits	-	-	-	-	-	163,246
Utility fees	-	-	-	-	-	3,161,387
Other receipts	<u>65,965</u>	<u>1,955,434</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>42,830,515</u>
Total receipts	<u>65,965</u>	<u>1,955,434</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>75,368,689</u>
Disbursements:						
Personal services	-	-	-	-	-	16,058,853
Supplies	-	-	-	-	-	1,434,069
Other services and charges	-	-	-	-	-	21,330,607
Capital outlay	-	-	-	-	-	1,223,878
Other disbursements	<u>62,440</u>	<u>1,851,678</u>	<u>13,531</u>	<u>-</u>	<u>-</u>	<u>39,443,176</u>
Total disbursements	<u>62,440</u>	<u>1,851,678</u>	<u>13,531</u>	<u>-</u>	<u>-</u>	<u>79,490,583</u>
Excess (deficiency) of receipts over disbursements	<u>3,525</u>	<u>103,756</u>	<u>(13,503)</u>	<u>-</u>	<u>-</u>	<u>(4,121,894)</u>
Cash and investments - ending	<u>\$ 234,982</u>	<u>\$ 1,052,178</u>	<u>\$ 18,485</u>	<u>\$ 21,700</u>	<u>\$ 97,500</u>	<u>\$ 8,804,018</u>

CITY OF MARION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,034,223
Infrastructure	8,135,241
Buildings	9,966,417
Improvements other than buildings	6,845,523
Machinery and equipment	<u>12,694,377</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 39,675,781</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 340,174
Construction in progress	485,456
Capital assets, being depreciated:	
Buildings	9,523,298
Infrastructure	34,405,714
Machinery and equipment	1,359,623
Transportation equipment	<u>616,587</u>
Total Water Utility capital assets	<u>46,730,852</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	25,000
Construction in progress	280,543
Capital assets, being depreciated:	
Buildings	22,701,278
Infrastructure	24,863,814
Machinery and equipment	361,684
Transportation equipment	<u>694,953</u>
Total Wastewater Utility capital assets	<u>48,927,272</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Construction in progress	234,955
Capital assets, being depreciated:	
Infrastructure	13,291,892
Machinery and equipment	228,746
Transportation equipment	<u>650,279</u>
Total Storm Water Utility capital assets	<u>14,405,872</u>
Total business-type activities capital assets	<u>\$ 110,063,996</u>

CITY OF MARION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire pumper	\$ 64,865	\$ 67,585
Truck - building inspector	8,851	9,730
Public safety vehicles	143,134	145,114
Notes and loans payable:		
2005 insurance note	1,025,000	198,448
2008 aviation loan	274,819	43,662
2008 animal shelter note	597,000	125,034
2010 bond anticipation note	3,087,730	146,667
Bonds payable:		
General obligation bonds:		
2002 Pennsylvania Avenue	815,000	138,050
2005 COIT	5,910,000	470,044
2005 Park district	4,490,000	411,225
Total governmental activities debt	<u>\$ 16,416,399</u>	<u>\$ 1,755,559</u>
Business-type activities:		
Storm Water Utility:		
Loan payable:		
State revolving fund	<u>\$ 2,784,397</u>	<u>\$ 354,135</u>

CITY OF MARION
AUDIT RESULT(S) AND COMMENT(S)

BANK ACCOUNT RECONCILIATIONS

An audit of the depository reconciliations of the fund balances to the bank account balances disclosed the following:

- (a) The total of all City Controller reconciled bank accounts was \$3,766 more than the City and Town Annual Report total cash balance.
- (b) The outstanding check list of the payroll checking account ("Bank 2") contained checks that were greater than two years outstanding.

A similar comment appeared in prior Report B37455.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Pursuant to IC 5-11-10.5, all checks outstanding and unpaid for a period of two years as of December 31 of each year shall be declared void. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2010:

Fund	Balance 12-31-10
Insurance Reserve	\$ (850,468)
IDOT	(8,892)
Unsafe Building	(44,672)
Park and Recreation	(189,306)
Animal Control	(38,576)
Victims Advocacy Grant	(7,650)

A similar comment appeared in prior Report B37455.

General Ordinance No. 29-2004, An Ordinance Governing the Operation of the City Insurance Fund, states:

"Section IV. If the funds are totally depleted the Council will appropriate adequate funds to replenish the fund minimum balance."

CITY OF MARION
 AUDIT RESULT(S) AND COMMENT(S)
 (Continued)

"Section V. The fund minimum balance should be no less than the recommended amount used for self-funded programs which is normally four (4) months contribution."

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TRANSACTION RECORDING

Financial transactions posted to the BAN 2010 Fund were incomplete. Some deposits and checks that were posted to the demand deposit account were omitted from the city financial records. The following schedule reflects the variances:

Original Annual Financial Report (CTAR-2):

Fund	Balance 01-01-10	Receipts	Disbursements	Balance 12-31-10
BAN 2010	\$ 4	\$ -	\$ 134,014	\$ (134,010)

Adjusted Annual Financial Report (CTAR-2):

Fund	Balance 01-01-10	Receipts	Disbursements	Balance 12-31-10
BAN 2010	\$ -	\$ 2,926,545	\$ 2,926,544	\$ 1

Drawdowns from a \$3,500,000 line of credit and disbursements for land purchases, professional fees and site development expenses were not recorded.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

APPROVAL OF ACCOUNTS PAYABLE VOUCHERS

Disbursements from Fund 415 "BAN 2010" were not included on any "Allowance of Accounts Payable Vouchers" register that had the signed approval of the Board of Works or the Redevelopment Commission. Total disbursements during 2010 from this fund were \$2,926,544, consisting of \$2,734,972 for land and the remainder for professional fees and other expenses. Several of the disbursements did have an "Accounts Payable Voucher" that contained the signed approval from a Community Development department director.

CITY OF MARION
 AUDIT RESULT(S) AND COMMENT(S)
 (Continued)

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

POSTING ERRORS – PENSION FUNDS

State Public Employees' Retirement Fund (PERF) distributions were incorrectly posted to the Police Pension and Firefighters' Pension funds as follows:

	Police Pension	Firefighters' Pension
State distributions due	\$ 1,103,894	\$ 1,417,158
State distributions posted	1,066,666	1,454,386
Variance	\$ (37,228)	\$ 37,228

As a result, the Police Pension was underfunded, and the Firefighters' Pension was overfunded.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

FUND SOURCES AND USES - INSURANCE RESERVE

On September 30, 2010, \$20,736 was disbursed from the Insurance Reserve Fund for repairs to a fire truck.

General Ordinance No. 29-2004, An Ordinance Governing the Operation of the City Insurance Fund, states:

"Section II. Monies contributed to the Fund shall be disbursed on insurance claims and fixed expenses for the self-funded program pursuant to the claim approval procedure utilized for the other City disbursements."

"Section III. The non-reverting fund may only be used for the purposes identified in Section II above."

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF MARION
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

TEMPORARY TRANSFER OF FUNDS

A temporary transfer of \$551,000 was made December 31, 2010, from the Rainy Day Fund to the General Fund. The common council did not pass an ordinance or resolution approving the transfer. The loan was repaid on April 8, 2011.

Indiana Code 36-1-8-4 concerning temporary transfer states in part:

"(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs. (4) The amount transferred must be returned to the other fund at the end of the prescribed period. . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following: (1) Passes an ordinance or a resolution that contains the following: (A) A statement that the fiscal body has determined that an emergency exists. (B) A brief description of the grounds for the emergency. (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs. (2) Immediately forwards the ordinance or resolution to the state board of accounts and the department of local government finance."

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

<u>Fund</u>	<u>Excess Amount Expended</u>
General	\$ 23,697
Park and Recreation	49,847

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPORTING DOCUMENTATION

Several payments for credit card purchases were observed that lacked adequate supporting documentation, such as receipts, invoices, and other public records. Unsupported claims included meals, lodging and parking. In some instances, reimbursements were based on estimated costs and not actual costs.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF MARION
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

DISPOSITION OF ASSETS

On September 9, 2010, a Memo of Understanding was signed by the City and a local contractor. The agreement provided the contractor would receive 60% of all monies realized from the sale of salvage that had been removed by the contractor from the City holding compound. The contractor was to reduce a future bill to the City by the 40 percent the City was entitled to. A November 3, 2010, invoice from the contractor provided a \$3,694 credit to the City for 32 items (vehicles, RVs, etc.) of scrap that had been sold.

A list of all the items that had been removed by the contractor was not available. Therefore, it cannot be verified if the 32 items sold represent all the items removed.

Indiana Code 5-22-22-4(a) states in part:

"If the property to be sold is: (1) one (1) item, with an estimated value of one thousand dollars (\$1,000) or more; or (2) more than one (1) item, with an estimated total value of five thousand dollars (\$5,000) or more; the purchasing agency may engage an auctioneer licensed under IC 25-6.1 to advertise the sale and conduct a public auction." IC 5-22-22-5 states, in part: "(a) If: (1) an auctioneer is not engaged . . . or (2) the surplus property is not sold through an Internet auction site under section 4.5 of this chapter; the purchasing agent shall sell the property at a public sale or by sealed bids delivered to the office of the purchasing agency before the date of sale. (b) Advertisement of the sale shall be made in accordance with IC 5-3-1. (c) All sales shall be made to the highest responsible bidder."

DISPOSITION OF REAL PROPERTY

On July 1, 2010, the City sold two parcels of real property at 101 and 109 East Third Street for \$7,500 each. The parcel at 101 East Third Street had a January 1, 2010, total assessed valuation of \$125,000 (land: \$31,200; improvements: \$93,800). The parcel at 109 East Third Street had a January 1, 2010, total assessed valuation of \$78,400 (land: \$15,600; improvements: \$62,800). The buildings that were on the lots had been condemned and were demolished by the City in 2008. One appraisal was performed by a city employee, dated April 9, 2009, and valued the two parcels at \$16,000. Another appraisal, dated April 13, 2010, was performed by a local realtor and valued the two parcels at \$14,000. On April 19, 2010, the Board of Works approved the sale of the parcels for \$15,000, the average of the two appraisals. A notice that the City would be receiving bids for the property was not published.

Indiana Code 36-1-11 establishes provisions all political subdivisions must follow in disposing of property. Indiana Code 36-1-11-4(c) states in part: "After the property is appraised, the disposing agent shall publish a notice in accordance with IC 5-3-1 setting forth the terms and conditions of the sale . . ."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF MARION, GRANT COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Marion (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2010. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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's 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 28, 2011

CITY OF MARION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	PI-09-001	\$ 262,295
Total for federal grantor agency			<u>262,295</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Bulletproof Vest Partnership Program	16.607	FY2008	<u>3,014</u>
Direct Grant Public Safety Partnership and Community Policing Grants	16.710	2009RKWX0340	<u>230,858</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	2009-VA-GX-0031 2010-VA-GX-0100	8,843 <u>18,540</u>
Total for program			<u>27,383</u>
Violence Against Women Formula Grants	16.588	2009-X0018-IN-WF	<u>6,700</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0049 2009-DJ-BX-0222	5,687 <u>20,399</u>
Total for program			<u>26,086</u>
Total for federal grantor agency			<u>294,041</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Federal Transit Cluster ARRA-Federal Transit-Capital Investment Grants	20.500	A249-09-321050	<u>434,000</u>
Federal Transit - Formula Grants Operating Assistance	20.507	1802706O 1802806O	141,431 325,554
Fare Rebate		18Y2706O 18Y2806O	1,399 4,000
Administration and Marketing		18Y2706C 18Y2806C	2,400 <u>7,200</u>
Total for program			<u>481,984</u>
Total for cluster			<u>915,984</u>
Pass-Through Grant County Highway Safety Cluster State and Community Highway Safety	20.600	PT-10-04-04-18	<u>11,744</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2010-03-03-09 K8-2010-08-01-06	5,800 <u>10,000</u>
Total for program			<u>15,800</u>
Total for cluster			<u>27,544</u>
Direct Grant Airport Improvement Program	20.106	3-18-0053-15 3-18-0053-16 3-18-0053-17	25,042 26,436 <u>57,000</u>
Total for program			<u>108,478</u>
Total for federal grantor agency			<u>1,052,006</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant Congressionally Mandated Projects	66.202	XP-00E394-01-1	<u>213,183</u>
Total for federal grantor agency			<u>213,183</u>
Total federal awards expended			<u>\$ 1,821,525</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MARION
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Marion (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2010:

Program Title	Federal CFDA Number	2010
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 10,200

CITY OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	no
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?	no

Identification of Major Programs:

Name of Federal Program or Cluster

Federal Transit Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	yes
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CITY OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Finding

FINDING 2010-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the City related to financial transactions and reporting. We believe the following constitutes a significant deficiency:

Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the City's audited financial statement and then determining how those identified risks should be managed. The City has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements. Specifically, a material amount of receipts and disbursements of the BAN 2010 Fund had been omitted from the Annual Financial Report (CTAR 2) originally submitted. Deposits into and disbursements from a checking account that had been established for this fund had been made without supporting documentation or the signed approval of the Board of Works and Safety. Consequently, some of the transactions were never recorded and therefore omitted from the City's financial statement. Had effective internal controls been in place, oversight of financial recording would have recorded all the transactions prior to financial statement issuance.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF MARION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



June 28, 2011

Corrective Action Plan for City of Marion

State Board of Accounts
3302 Washington St Room E418
Indianapolis, IN 46204-2765

In response to your audit of the financial records of City of Marion, as of December 31, 2010:

Finding Number 2010-1

Corrective Action Planned:

Controller's office will design internal controls to monitor the preparation of the financial records
And implement effective internal communication strategies between administration and dept heads
And accounting to ensure accurate authorization of transactions and posting of funds. These controls
will ensure valid transactions, accurate records and financial statements, and informed decision
making.

Signed:

Signed

Name: Wayne Seybold
Title: Mayor of Marion
Date: 6-28-11

Name: Cindy Wright
Title: Controller
Date: 6-28-11

CITY OF MARION
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2011, with Wayne W. Seybold, Mayor; Cindy Wright, Controller; and Bradley N. Luzadder, President of the Common Council.