

B37455

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

ANNUAL FINANCIAL REPORT

2009

CITY OF MARION

GRANT COUNTY, INDIANA



FILED
08/24/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Controller	Cindy Wright	01-01-09 to 12-31-10
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	01-01-09 to 12-31-10
President of the Common Council	James F. Brunner Madonna M. French	01-01-09 to 12-31-09 01-01-10 to 12-31-10



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
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 statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Marion (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 27, 2010, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress and Schedules of Contributions From the Employer and Other Contributing Entities are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The City provides postemployment health insurance benefits to eligible retirees. The City has not provided an actuarial study to determine the City's annual postemployment benefit costs in accordance with GASB Statement 45.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. 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 basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 27, 2010



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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

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

We have audited 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 (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 27, 2010. 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 opinions on the financial statements, 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are 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.

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

July 27, 2010

CITY OF MARION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 5,492,978	\$ 202,647	\$ 942,189	\$ 333,572	\$ (4,014,570)	\$ -	\$ (4,014,570)
Public safety	12,651,755	218,344	37,081	-	(12,396,330)	-	(12,396,330)
Highways and streets	3,853,965	21,444	842,642	245,150	(2,744,729)	-	(2,744,729)
Sanitation	1,285,799	957,237	-	-	(328,562)	-	(328,562)
Health and welfare	-	82,530	-	-	82,530	-	82,530
Economic development	1,340,062	-	-	919,723	(420,339)	-	(420,339)
Culture and recreation	2,023,785	359,933	-	-	(1,663,852)	-	(1,663,852)
Principal and interest on indebtedness	4,400,894	-	-	-	(4,400,894)	-	(4,400,894)
Total governmental activities	<u>31,049,238</u>	<u>1,842,135</u>	<u>1,821,912</u>	<u>1,498,445</u>	<u>(25,886,746)</u>	<u>-</u>	<u>(25,886,746)</u>
Business-type activities:							
Storm Water	2,258,821	2,156,129	-	-	-	(102,692)	(102,692)
Wastewater	2,564,291	2,199,935	-	-	-	(364,356)	(364,356)
Water	<u>5,425,454</u>	<u>4,804,537</u>	<u>-</u>	<u>276,629</u>	<u>-</u>	<u>(344,288)</u>	<u>(344,288)</u>
Total business-type activities	<u>10,248,566</u>	<u>9,160,601</u>	<u>-</u>	<u>276,629</u>	<u>-</u>	<u>(811,336)</u>	<u>(811,336)</u>
Total primary government	<u>\$ 41,297,804</u>	<u>\$ 11,002,736</u>	<u>\$ 1,821,912</u>	<u>\$ 1,775,074</u>	<u>(25,886,746)</u>	<u>(811,336)</u>	<u>(26,698,082)</u>
General receipts:							
Property taxes					13,997,255	-	13,997,255
Intergovernmental					5,140,693	-	5,140,693
Other local sources					1,239,669	-	1,239,669
Net proceeds from borrowings					2,619,000	-	2,619,000
Grants and contributions not restricted to specific programs					40,025	-	40,025
Investment earnings					9,098	101,108	110,206
Total general receipts					<u>23,045,740</u>	<u>101,108</u>	<u>23,146,848</u>
Change in net assets					(2,841,006)	(710,228)	(3,551,234)
Net assets - beginning					<u>7,808,025</u>	<u>5,606,037</u>	<u>13,414,062</u>
Net assets - ending					<u>\$ 4,967,019</u>	<u>\$ 4,895,809</u>	<u>\$ 9,862,828</u>
<u>Assets</u>							
Cash and investments					\$ 2,106,001	\$ 1,026,509	\$ 3,132,510
Restricted assets:							
Cash with fiscal agent					-	31,988	31,988
Cash and investments					<u>2,861,018</u>	<u>3,837,312</u>	<u>6,698,330</u>
Total assets					<u>\$ 4,967,019</u>	<u>\$ 4,895,809</u>	<u>\$ 9,862,828</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 11	\$ -	\$ 11
Culture and recreation					(63,036)	-	(63,036)
Debt service					45,259	1,002,171	1,047,430
Capital outlay					2,878,784	-	2,878,784
Other purposes					-	2,867,129	2,867,129
Unrestricted					<u>2,106,001</u>	<u>1,026,509</u>	<u>3,132,510</u>
Total net assets					<u>\$ 4,967,019</u>	<u>\$ 4,895,809</u>	<u>\$ 9,862,828</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Industrial Development	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 11,040,888	\$ -	\$ 2,956,367	\$ 13,997,255
Licenses and permits	100,900	-	18,665	119,565
Intergovernmental	5,609,758	919,723	1,971,594	8,501,075
Charges for services	1,147,035	-	472,567	1,619,602
Fines and forfeits	112,732	-	18,771	131,503
Other	115,666	-	99,489	215,155
Total receipts	18,126,979	919,723	5,537,453	24,584,155
Disbursements:				
General government	4,566,975	-	444,032	5,011,007
Public safety	12,465,695	-	157,572	12,623,267
Highways and streets	1,474,062	-	2,142,114	3,616,176
Sanitation	1,285,799	-	-	1,285,799
Economic development	194,509	814,288	331,265	1,340,062
Culture and recreation	44,421	-	1,390,764	1,435,185
Debt service:				
Principal	2,400,184	-	1,238,687	3,638,871
Interest	85,426	-	676,597	762,023
Capital outlay:				
General government	-	-	481,971	481,971
Public safety	-	-	28,488	28,488
Highways and streets	-	-	237,789	237,789
Culture and recreation	-	-	588,600	588,600
Total disbursements	22,517,071	814,288	7,717,879	31,049,238
Excess (deficiency) of receipts over disbursements	(4,390,092)	105,435	(2,180,426)	(6,465,083)
Other financing sources (uses):				
Net proceeds from borrowings	2,116,000	-	503,000	2,619,000
Transfers in	-	-	45,638	45,638
Transfers out	(45,638)	-	-	(45,638)
Other receipts	170,804	-	7,830	178,634
Total other financing sources (uses)	2,241,166	-	556,468	2,797,634
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,148,926)	105,435	(1,623,958)	(3,667,449)
Cash and investment fund balance - beginning	2,836,537	1,996,068	3,586,781	8,419,386
Cash and investment fund balance - ending	<u>\$ 687,611</u>	<u>\$ 2,101,503</u>	<u>\$ 1,962,823</u>	4,751,937
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:				
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.				
				<u>215,082</u>
Net assets of governmental activities				<u>\$ 4,967,019</u>
Cash and Investment Assets - Ending				
Cash and investments	\$ 687,611	\$ -	\$ 1,203,308	\$ 1,890,919
Restricted assets:				
Cash and investments	-	2,101,503	759,515	2,861,018
Total cash and investment assets - ending	<u>\$ 687,611</u>	<u>\$ 2,101,503</u>	<u>\$ 1,962,823</u>	<u>\$ 4,751,937</u>
Cash and Investment Fund Balance - Ending				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ 11	\$ 11
Culture and recreation	-	-	(63,036)	(63,036)
Debt service	-	-	45,259	45,259
Capital outlay	-	2,101,503	777,281	2,878,784
Unrestricted	687,611	-	1,203,308	1,890,919
Total cash and investment fund balance - ending	<u>\$ 687,611</u>	<u>\$ 2,101,503</u>	<u>\$ 1,962,823</u>	<u>\$ 4,751,937</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARION
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2009

	Storm Water Utility	Wastewater Utility	Water Utility	Totals	Internal Service Funds
Operating receipts:					
Residential, commercial and industrial sales	\$ 2,053,509	\$ 2,115,901	\$ 4,010,623	\$ 8,180,033	\$ -
Fire protection receipts	-	-	608,075	608,075	-
Insurance proceeds	-	-	36,476	36,476	-
Other	102,620	84,034	122,038	308,692	6,323,501
Total operating receipts	<u>2,156,129</u>	<u>2,199,935</u>	<u>4,777,212</u>	<u>9,133,276</u>	<u>6,323,501</u>
Operating disbursements:					
Cost of sales and service	763,840	602,196	1,551,708	2,917,744	325,042
Employee pensions and benefits	201,048	425,374	411,344	1,037,766	-
Salaries and wages	606,870	1,116,462	1,053,339	2,776,671	-
Insurance claims and expense	34,002	100,442	76,672	211,116	5,172,016
Equipment and capital improvements	255,075	257,096	2,230,210	2,742,381	-
Miscellaneous	8,027	62,721	102,181	172,929	-
Total operating disbursements	<u>1,868,862</u>	<u>2,564,291</u>	<u>5,425,454</u>	<u>9,858,607</u>	<u>5,497,058</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>287,267</u>	<u>(364,356)</u>	<u>(648,242)</u>	<u>(725,331)</u>	<u>826,443</u>
Nonoperating receipts (disbursements):					
Receipts from sale of assets	-	-	5,500	5,500	-
Miscellaneous	-	-	21,825	21,825	-
Investment income	34,138	23,962	43,008	101,108	-
Debt service of principal	(296,079)	-	-	(296,079)	-
Interest disbursements	(93,880)	-	-	(93,880)	-
Total nonoperating receipts (disbursements)	<u>(355,821)</u>	<u>23,962</u>	<u>70,333</u>	<u>(261,526)</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>(68,554)</u>	<u>(340,394)</u>	<u>(577,909)</u>	<u>(986,857)</u>	<u>826,443</u>
Capital contributions	-	-	276,629	276,629	-
Excess (deficiency) of receipts and contributions over disbursements	<u>(68,554)</u>	<u>(340,394)</u>	<u>(301,280)</u>	<u>(710,228)</u>	<u>826,443</u>
Cash and investment fund balance - beginning	<u>1,713,849</u>	<u>1,508,445</u>	<u>2,383,743</u>	<u>5,606,037</u>	<u>(611,361)</u>
Cash and investment fund balance - ending	<u>\$ 1,645,295</u>	<u>\$ 1,168,051</u>	<u>\$ 2,082,463</u>	<u>\$ 4,895,809</u>	<u>\$ 215,082</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 166,352	\$ 123,663	\$ 736,494	\$ 1,026,509	\$ -
Restricted assets:					
Cash with fiscal agent	-	-	31,988	31,988	-
Cash and investments	1,478,943	1,044,388	1,313,981	3,837,312	215,082
Total cash and investment assets - December 31	<u>\$ 1,645,295</u>	<u>\$ 1,168,051</u>	<u>\$ 2,082,463</u>	<u>\$ 4,895,809</u>	<u>\$ 215,082</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ 1,002,171	\$ -	\$ -	\$ 1,002,171	\$ -
Other purposes	476,772	1,044,388	1,345,969	2,867,129	215,082
Unrestricted	166,352	123,663	736,494	1,026,509	-
Total cash and investment fund balance - December 31	<u>\$ 1,645,295</u>	<u>\$ 1,168,051</u>	<u>\$ 2,082,463</u>	<u>\$ 4,895,809</u>	<u>\$ 215,082</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 32,512	\$ -	
State	2,385,833	-	
Other	<u>-</u>	<u>6,227</u>	
Total additions	<u>2,418,345</u>	<u>6,227</u>	
Deductions:			
Benefits	2,407,504	-	
Administrative and general	11,941	8,571	
Other	<u>835,339</u>	<u>-</u>	
Total deductions	<u>3,254,784</u>	<u>8,571</u>	
Deficiency of total additions over total deductions	(836,439)	(2,344)	
Cash and investment fund balance - beginning	<u>847,330</u>	<u>20,662</u>	
Cash and investment fund balance - ending	<u>\$ 10,891</u>	<u>\$ 18,318</u>	<u>\$ 3,033,875</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS

I. 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 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, storm water, and urban redevelopment and housing.

The City (primary government) is the financial reporting entity.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. 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.

The City reports the following major governmental funds:

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

The Industrial Development Fund, established by resolution 17-2001, recaptures state taxes collected and is used to make qualified investments in certain designated areas within the City.

The City reports the following major enterprise funds:

The Water Utility Fund accounts for the operation of the water distribution system.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Wastewater Utility Fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The Storm Water Utility Fund accounts for the operation of the storm water collection system.

Additionally, the City reports the following fund types:

The internal service funds account for fuel sales and health insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and the 1937 firefighters' pension funds, which accumulate resources for the pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit public safety issues.

Agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for cash transactions during the time they are a liability of the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 cash and investment 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. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the City in June and in December. 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. Taxable property is assessed at 100% 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. 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 and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements. Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
Park Nonreverting Operating	\$ 63,036
IDOT	8,892
Park and Recreation	280,773
Victims Advocacy Grant	3,203

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$12,925,912.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

Transfer From	Transfer To	2009
General Fund	Other Governmental Funds	\$ 45,638

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. 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; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits) and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Insurance Reserve Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon the cost per employee and the number of covered employees paid from the fund.

B. Conduit Debt Obligation

The City has issued conduit debt (no commitment debt) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2009, the outstanding aggregate principal amount payable was \$4,599,000.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Anthem Blue Access is a single-employer defined benefit healthcare plan administered by Anthem Insurance Companies, Inc. The plan provides medical and prescription drugs to eligible retirees and their spouses. General Ordinance No. 1 - 1996 assigns the authority to establish and amend benefit provisions to the City. Anthem Blue Access issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Anthem Insurance Companies, Inc.
120 Monument Circle
Indianapolis, Indiana 46204
(317) 352-6000

Funding Policy

The contribution requirements of plan members for the Anthem Blue Access are established by the City's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the City contributed \$578,571 to the plan for current premiums (approximately 91.8% of total premiums). Plan members receiving benefits contributed \$51,689, or approximately 8.2% of the total premiums.

D. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on March 30, 2005.

Wastewater Utility

The current rate structure was approved by the City Council on December 17, 1991.

Storm Water Utility

The current rate structure was approved by the City Council on November 16, 1994.

E. Receipts Pledged

Storm Water Utility Receipts Pledged

The City has pledged future customer collection receipts, net of specified operating expenditures, to repay revenue bonds issued in 2001. Proceeds from the bonds provided financing for sewer separation. The bonds are payable solely from future customer collection receipts, net of specified operating expenditures, and are payable through 2018.

F. Subsequent Events

The City entered into an Interfund Loan Agreement with the Marion Municipal Utilities on April 6, 2010, to borrow up to \$1,000,000 to be repaid by December 31, 2010. The City borrowed \$500,000 on April 9, 2010, and another \$500,000 on April 27, 2010. The funds were disbursed from and are receivable to the Water Construction Fund.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the 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 member's contributions, set by state statute at 3% 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. The 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 for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$380,972.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which 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.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 IC 5-10.3-11. The State of Indiana has contributed \$1,344,766 on behalf of the City. On behalf contributions from the State of Indiana approximate the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which 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 IC 5-10.3-11. The State of Indiana has contributed \$1,041,067 on behalf of the City. On behalf contributions from the State of Indiana approximate the amount paid out for benefits.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, 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 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

CITY OF MARION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. The City's contributions to the plan during the period were \$1,356,758.

CITY OF MARION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 7,968,267	\$ 7,841,775	\$ 126,492	102%	\$ 5,709,285	2%
07-01-08	8,196,604	8,366,119	(169,515)	98%	5,795,606	(3%)
07-01-09	6,704,775	8,285,035	(1,580,260)	81%	6,285,782	(25%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 1,183,872	\$ 18,345,700	\$ (17,161,828)	6%	\$ 70,600	(24,309%)
01-01-05	751,351	16,840,600	(16,089,249)	4%	No covered payroll	
01-01-06	1,042,247	16,221,000	(15,178,753)	6%	No covered payroll	
01-01-07	752,540	16,142,600	(15,390,060)	5%	No covered payroll	
01-01-08	673,758	16,152,000	(15,478,242)	4%	No covered payroll	
01-01-09	416,505	15,776,100	(15,359,595)	3%	No covered payroll	

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 1,249,868	\$ 22,879,500	\$ (21,629,632)	5%	\$ 242,200	(8,930%)
01-01-05	701,054	21,570,800	(20,869,746)	3%	207,600	(10,053%)
01-01-06	916,043	20,865,800	(19,949,757)	4%	173,000	(11,532%)
01-01-07	820,436	20,358,800	(19,538,364)	4%	142,100	(13,750%)
01-01-08	800,213	18,830,200	(18,029,987)	4%	No covered payroll	
01-01-09	430,824	20,979,400	(20,548,576)	2%	No covered payroll	

CITY OF MARION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-04	\$ 2,112,400	3%	31%
	12-31-05	1,188,800	60%	57%
	12-31-06	1,159,800	9%	53%
	12-31-07	1,170,100	29%	56%
	12-31-08	1,188,000	23%	51%
	12-31-09	1,179,000	1%	114%
1937 Firefighters' Pension Plan	12-31-04	2,673,200	3%	31%
	12-31-05	1,583,400	44%	54%
	12-31-06	1,541,400	29%	49%
	12-31-07	1,514,400	50%	54%
	12-31-08	1,385,000	20%	58%
	12-31-09	1,567,800	1%	66%

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road and Street	Aviation Commission	Park Nonreverting Operating	Supplemental Adult Probation Services	Washington Street Economic Development
Receipts:						
Taxes	\$ 1,074,734	\$ -	\$ 255,479	\$ -	\$ -	\$ -
Licenses and permits	7,925	-	-	-	-	-
Intergovernmental	916,262	245,150	18,605	-	-	-
Charges for services	-	-	-	293,443	-	-
Fines and forfeits	-	-	-	-	8,078	-
Other	-	-	-	-	-	-
Total receipts	1,998,921	245,150	274,084	293,443	8,078	-
Disbursements:						
General government	-	-	286,915	-	-	-
Public safety	-	-	-	-	6,104	-
Highways and streets	1,769,576	268,269	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	335,825	-	-
Debt service:						
Principal	261,000	-	-	-	-	-
Interest	1,028	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	2,031,604	268,269	286,915	335,825	6,104	-
Excess (deficiency) of receipts over disbursements	(32,683)	(23,119)	(12,831)	(42,382)	1,974	-
Other financing sources (uses):						
Net proceeds from borrowings	261,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Other receipts	2,166	-	-	-	-	-
Total other financing sources (uses)	263,166	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	230,483	(23,119)	(12,831)	(42,382)	1,974	-
Cash and investment fund balance - beginning	162,688	23,130	169,413	(20,654)	8,565	256
Cash and investment fund balance - ending	\$ 393,171	\$ 11	\$ 156,582	\$ (63,036)	\$ 10,539	\$ 256
Cash and Investment Assets - Ending						
Cash and investments	\$ 393,171	\$ -	\$ 156,582	\$ -	\$ 10,539	\$ 256
Restricted assets:						
Cash and investments	-	11	-	(63,036)	-	-
Total cash and investment assets - ending	\$ 393,171	\$ 11	\$ 156,582	\$ (63,036)	\$ 10,539	\$ 256
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ 11	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	(63,036)	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	393,171	-	156,582	-	10,539	256
Total cash and investment fund balance - ending	\$ 393,171	\$ 11	\$ 156,582	\$ (63,036)	\$ 10,539	\$ 256

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Parking Enforcement	IDOT	Abandoned Vehicles	AFT Grants	Economic Development Commission	Law Enforcement Continuing Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	325	10,385
Intergovernmental	-	14,397	-	1,053	-	-
Charges for services	-	-	-	-	-	6,480
Fines and forfeits	10,193	-	500	-	-	-
Other	-	-	-	-	-	32,047
Total receipts	10,193	14,397	500	1,053	325	48,912
Disbursements:						
General government	-	14,397	-	-	-	-
Public safety	-	-	1,491	-	-	1,305
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	14,397	1,491	-	-	1,305
Excess (deficiency) of receipts over disbursements	10,193	-	(991)	1,053	325	47,607
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,193	-	(991)	1,053	325	47,607
Cash and investment fund balance - beginning	(4,795)	(8,892)	1,790	(1,053)	5,568	(16,191)
Cash and investment fund balance - ending	<u>\$ 5,398</u>	<u>\$ (8,892)</u>	<u>\$ 799</u>	<u>\$ -</u>	<u>\$ 5,893</u>	<u>\$ 31,416</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,398	\$ (8,892)	\$ 799	\$ -	\$ 5,893	\$ 31,416
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 5,398	\$ (8,892)	\$ 799	\$ -	\$ 5,893	\$ 31,416
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	5,398	(8,892)	799	-	5,893	31,416
Total cash and investment fund balance - ending	\$ 5,398	\$ (8,892)	\$ 799	\$ -	\$ 5,893	\$ 31,416

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Unsafe Building	Park and Recreation	Justice Assistance Grant	Hazmat Respond Team Grant	FEMA Fire Gear	Investment Incentive Recaptured
Receipts:						
Taxes	\$ -	\$ 726,806	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	52,402	94,103	9,950	-	-
Charges for services	28,535	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	718	-	-	192	29,648
Total receipts	28,535	779,926	94,103	9,950	192	29,648
Disbursements:						
General government	-	-	-	-	-	-
Public safety	72,530	-	-	9,950	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	331,265
Culture and recreation	-	1,054,939	-	-	-	-
Debt service:						
Principal	-	242,000	-	-	-	-
Interest	-	1,109	-	-	-	-
Capital outlay:						
General government	-	-	83,903	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	404,030
Total disbursements	72,530	1,298,048	83,903	9,950	-	735,295
Excess (deficiency) of receipts over disbursements	(43,995)	(518,122)	10,200	-	192	(705,647)
Other financing sources (uses):						
Net proceeds from borrowings	-	242,000	-	-	-	-
Transfers in	32,987	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	32,987	242,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,008)	(276,122)	10,200	-	192	(705,647)
Cash and investment fund balance - beginning	11,008	(4,651)	-	-	(192)	764,415
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (280,773)</u>	<u>\$ 10,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,768</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (280,773)	\$ 10,200	\$ -	\$ -	\$ 58,768
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ (280,773)</u>	<u>\$ 10,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,768</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	(280,773)	10,200	-	-	58,768
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (280,773)</u>	<u>\$ 10,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,768</u>

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Rainy Day	Animal Control	Reduce Drunk Driving	Environmental Public Nuisance	Victims Advocacy Grant	Emergency Gas Award
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	30	-	-	-	-
Intergovernmental	68,540	-	24,575	-	32,169	-
Charges for services	-	82,500	-	7,284	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	2,900
Total receipts	68,540	82,530	24,575	7,284	32,169	2,900
Disbursements:						
General government	-	97,135	32,256	-	-	2,900
Public safety	-	-	-	9,169	29,435	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	97,135	32,256	9,169	29,435	2,900
Excess (deficiency) of receipts over disbursements	68,540	(14,605)	(7,681)	(1,885)	2,734	-
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	12,651	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	12,651	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	68,540	(1,954)	(7,681)	(1,885)	2,734	-
Cash and investment fund balance - beginning	448,231	2,280	16,549	3,944	(5,937)	2,900
Cash and investment fund balance - ending	<u>\$ 516,771</u>	<u>\$ 326</u>	<u>\$ 8,868</u>	<u>\$ 2,059</u>	<u>\$ (3,203)</u>	<u>\$ 2,900</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 516,771	\$ 326	\$ 8,868	\$ 2,059	\$ (3,203)	\$ 2,900
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 516,771</u>	<u>\$ 326</u>	<u>\$ 8,868</u>	<u>\$ 2,059</u>	<u>\$ (3,203)</u>	<u>\$ 2,900</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	516,771	326	8,868	2,059	(3,203)	2,900
Total cash and investment fund balance - ending	<u>\$ 516,771</u>	<u>\$ 326</u>	<u>\$ 8,868</u>	<u>\$ 2,059</u>	<u>\$ (3,203)</u>	<u>\$ 2,900</u>

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Juvenile Assistance Grant	Public Works Scrapping	Disaster Relief	Federal Equitable Sharing Program	Water Loop Improvements	Special Projects Engineer
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	284	-	-	8,402	-
Total receipts	-	284	-	-	8,402	-
Disbursements:						
General government	-	-	-	-	8,330	-
Public safety	-	-	27,588	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	27,588	-	8,330	-
Excess (deficiency) of receipts over disbursements	-	284	(27,588)	-	72	-
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	284	(27,588)	-	72	-
Cash and investment fund balance - beginning	221	688	27,588	5	-	25
Cash and investment fund balance - ending	<u>\$ 221</u>	<u>\$ 972</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 72</u>	<u>\$ 25</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 221	\$ 972	\$ -	\$ 5	\$ 72	\$ 25
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 221</u>	<u>\$ 972</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 72</u>	<u>\$ 25</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	221	972	-	5	72	25
Total cash and investment fund balance - ending	<u>\$ 221</u>	<u>\$ 972</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 72</u>	<u>\$ 25</u>

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	IHFA Grant	Special Park Revolving	City Bond and Interest	2005 Park Bond Construction	Park Bond	Cumulative Capital Development
Receipts:						
Taxes	\$ -	\$ -	\$ 198,454	\$ -	\$ 374,133	\$ 326,761
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	13,623	-	27,167	23,988
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	172	-	156
Total receipts	-	-	212,077	172	401,300	350,905
Disbursements:						
General government	1,943	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	125,000	-	170,000	236,635
Interest	-	-	73,966	-	241,126	46,834
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	28,488
Highways and streets	-	-	-	-	-	176,409
Culture and recreation	-	-	-	184,570	-	-
Total disbursements	1,943	-	198,966	184,570	411,126	488,366
Excess (deficiency) of receipts over disbursements	(1,943)	-	13,111	(184,398)	(9,826)	(137,461)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,943)	-	13,111	(184,398)	(9,826)	(137,461)
Cash and investment fund balance - beginning	1,943	605	32,148	231,818	252,736	568,784
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 45,259</u>	<u>\$ 47,420</u>	<u>\$ 242,910</u>	<u>\$ 431,323</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 605	\$ -	\$ 47,420	\$ 242,910	\$ -
Restricted assets:						
Cash and investments	-	-	45,259	-	-	431,323
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 45,259</u>	<u>\$ 47,420</u>	<u>\$ 242,910</u>	<u>\$ 431,323</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	45,259	-	-	-
Capital outlay	-	-	-	-	-	431,323
Unrestricted	-	605	-	47,420	242,910	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 605</u>	<u>\$ 45,259</u>	<u>\$ 47,420</u>	<u>\$ 242,910</u>	<u>\$ 431,323</u>

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2009
 (Continued)

	Cumulative Capital Improvement	CREED Roadway	Airport Capital Improvement	2005 Revenue Refund Bond	2006 Bond Anticipation Note	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,956,367
Licenses and permits	-	-	-	-	-	18,665
Intergovernmental	96,038	-	333,572	-	-	1,971,594
Charges for services	-	-	54,325	-	-	472,567
Fines and forfeits	-	-	-	-	-	18,771
Other	-	-	1,950	22,700	320	99,489
Total receipts	96,038	-	389,847	22,700	320	5,537,453
Disbursements:						
General government	-	156	-	-	-	444,032
Public safety	-	-	-	-	-	157,572
Highways and streets	-	-	-	-	104,269	2,142,114
Economic development	-	-	-	-	-	331,265
Culture and recreation	-	-	-	-	-	1,390,764
Debt service:						
Principal	-	-	29,052	175,000	-	1,238,687
Interest	-	-	14,621	297,913	-	676,597
Capital outlay:						
General government	23,599	-	374,469	-	-	481,971
Public safety	-	-	-	-	-	28,488
Highways and streets	61,380	-	-	-	-	237,789
Culture and recreation	-	-	-	-	-	588,600
Total disbursements	84,979	156	418,142	472,913	104,269	7,717,879
Excess (deficiency) of receipts over disbursements	11,059	(156)	(28,295)	(450,213)	(103,949)	(2,180,426)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	503,000
Transfers in	-	-	-	-	-	45,638
Other receipts	5,664	-	-	-	-	7,830
Total other financing sources (uses)	5,664	-	-	-	-	556,468
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,723	(156)	(28,295)	(450,213)	(103,949)	(1,623,958)
Cash and investment fund balance - beginning	96,667	156	225,820	450,213	138,992	3,586,781
Cash and investment fund balance - ending	<u>\$ 113,390</u>	<u>\$ -</u>	<u>\$ 197,525</u>	<u>\$ -</u>	<u>\$ 35,043</u>	<u>\$ 1,962,823</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,203,308
Restricted assets:						
Cash and investments	113,390	-	197,525	-	35,043	759,515
Total cash and investment assets - ending	\$ 113,390	\$ -	\$ 197,525	\$ -	\$ 35,043	\$ 1,962,823
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11
Culture and recreation	-	-	-	-	-	(63,036)
Debt service	-	-	-	-	-	45,259
Capital outlay	113,390	-	197,525	-	35,043	777,281
Unrestricted	-	-	-	-	-	1,203,308
Total cash and investment fund balance - ending	\$ 113,390	\$ -	\$ 197,525	\$ -	\$ 35,043	\$ 1,962,823

CITY OF MARION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2009

	<u>Group Gasoline</u>	<u>Insurance Reserve</u>	<u>Totals</u>
Operating receipts:			
Other	\$ 474,559	\$ 5,848,942	\$ 6,323,501
Operating disbursements:			
Cost of sales and services	325,042	-	325,042
Insurance claims and expense	<u>-</u>	<u>5,172,016</u>	<u>5,172,016</u>
Total operating disbursements	<u>325,042</u>	<u>5,172,016</u>	<u>5,497,058</u>
Excess of receipts over disbursements	149,517	676,926	826,443
Cash and investment fund balance - beginning	<u>(16,915)</u>	<u>(594,446)</u>	<u>(611,361)</u>
Cash and investment fund balance - ending	<u>\$ 132,602</u>	<u>\$ 82,480</u>	<u>\$ 215,082</u>
<u>Cash and Investment Assets - December 31</u>			
Restricted assets:			
Cash and investments	<u>\$ 132,602</u>	<u>\$ 82,480</u>	<u>\$ 215,082</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Other purposes	<u>\$ 132,602</u>	<u>\$ 82,480</u>	<u>\$ 215,082</u>

CITY OF MARION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 16,283	\$ 16,229	\$ 32,512
State	<u>1,344,766</u>	<u>1,041,067</u>	<u>2,385,833</u>
Total additions	<u>1,361,049</u>	<u>1,057,296</u>	<u>2,418,345</u>
Deductions:			
Benefits	1,037,387	1,370,117	2,407,504
Administrative and general	5,517	6,424	11,941
Other	<u>729,859</u>	<u>105,480</u>	<u>835,339</u>
Total deductions	<u>1,772,763</u>	<u>1,482,021</u>	<u>3,254,784</u>
Deficiency of total additions over total deductions	(411,714)	(424,725)	(836,439)
Cash and investment fund balance - beginning	<u>416,505</u>	<u>430,825</u>	<u>847,330</u>
Cash and investment fund balance - ending	<u>\$ 4,791</u>	<u>\$ 6,100</u>	<u>\$ 10,891</u>

CITY OF MARION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2009

	<u>Police Department Donation</u>	<u>Fire Department Donation</u>	<u>City Donation</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 3,828	\$ 2,399	\$ -	\$ 6,227
Deductions:				
Administrative and general	<u>8,547</u>	<u>24</u>	<u>-</u>	<u>8,571</u>
Excess (deficiency) of total additions over total deductions	(4,719)	2,375	-	(2,344)
Cash and investment fund balance - beginning	<u>12,271</u>	<u>5,181</u>	<u>3,210</u>	<u>20,662</u>
Cash and investment fund balance - ending	<u>\$ 7,552</u>	<u>\$ 7,556</u>	<u>\$ 3,210</u>	<u>\$ 18,318</u>

CITY OF MARION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

	<u>Payroll</u>	<u>User Fee</u>	<u>City Clerk</u>	<u>City Court Probation</u>	<u>County Share Clerk's Fees</u>	<u>Court Cost Due County</u>	<u>Employees Flexible Spending Account</u>	<u>TIF Allocation</u>	<u>Totals</u>
Additions:									
Agency fund additions	<u>\$ 13,732,033</u>	<u>\$ 8,266</u>	<u>\$ 615,703</u>	<u>\$ 57,113</u>	<u>\$ 17,022</u>	<u>\$ 36,412</u>	<u>\$ 119,282</u>	<u>\$ 2,427,555</u>	<u>\$ 17,013,386</u>
Deductions:									
Agency fund deductions	<u>13,732,038</u>	<u>31,667</u>	<u>615,847</u>	<u>57,113</u>	<u>17,022</u>	<u>36,412</u>	<u>106,270</u>	<u>523,274</u>	<u>15,119,643</u>
Excess (deficiency) of total additions over total deductions	(5)	(23,401)	(144)	-	-	-	13,012	1,904,281	1,893,743
Cash and investment fund balance - beginning	<u>49,870</u>	<u>26,530</u>	<u>124,939</u>	<u>-</u>	<u>5,036</u>	<u>12,678</u>	<u>75,569</u>	<u>845,510</u>	<u>1,140,132</u>
Cash and investment fund balance - ending	<u>\$ 49,865</u>	<u>\$ 3,129</u>	<u>\$ 124,795</u>	<u>\$ -</u>	<u>\$ 5,036</u>	<u>\$ 12,678</u>	<u>\$ 88,581</u>	<u>\$ 2,749,791</u>	<u>\$ 3,033,875</u>

CITY OF MARION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2009

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	\$ 2,444,834
Construction in progress	605,659
Infrastructure	8,135,241
Buildings	9,966,417
Improvements other than buildings	5,313,998
Machinery and equipment	<u>13,011,413</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 39,477,562</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 340,174
Construction in progress	1,425,768
Capital assets, being depreciated:	
Buildings	9,233,721
Infrastructure	33,286,298
Machinery and equipment	653,471
Transportation equipment	<u>578,709</u>
Total Water Utility capital assets	<u>45,518,141</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	25,000
Capital assets, being depreciated:	
Buildings	22,701,278
Infrastructure	24,768,382
Machinery and equipment	369,784
Transportation equipment	<u>701,956</u>
Total Wastewater Utility capital assets	<u>48,566,400</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Construction in progress	69,439
Capital assets, being depreciated:	
Infrastructure	13,292,486
Machinery and equipment	228,746
Transportation equipment	<u>650,279</u>
Total Storm Water Utility capital assets	<u>14,240,950</u>
Total business-type activities capital assets	<u>\$ 108,325,491</u>

CITY OF MARION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

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:		
Street sweeper	\$ 30,070	\$ 28,399
Fire pumper	127,120	67,584
Truck - building inspector	12,872	9,729
Public safety vehicles	423,569	290,227
Notes and loans payable:		
2005 insurance note	1,155,000	196,468
2008 aviation loan	305,375	43,667
2008 animal shelter note	683,000	124,065
Bonds payable:		
General obligation bonds:		
2002 Pennsylvania Avenue	910,000	137,632
2005 COIT	6,090,000	471,662
2005 Park district	4,670,000	410,475
Total governmental activities debt	<u>\$ 14,407,006</u>	<u>\$ 1,779,908</u>
Business-type Activities:		
Storm Water Utility:		
Loan payable:		
State revolving fund	<u>\$ 3,089,189</u>	<u>\$ 349,585</u>

CITY OF MARION
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual City office listed below:

City of Marion Municipal Utilities

CITY OF MARION
AUDIT RESULTS AND COMMENTS

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 \$8,488 less than the City and Town Annual Report total cash balance. This includes an unidentified cash necessary to balance of \$5,189 for the "reconciled" payroll checking account ("Bank 2").
- (b) The outstanding check lists of the payroll checking account ("Bank 2") and the primary city checking account ("Bank 4") contained checks that were greater than two years outstanding.

A similar comment appeared in prior Report B34927.

IC 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."

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn at December 31, 2009:

Fund	Balance 12-31-09
Park Nonreverting Operating	\$ (63,036)
IDOT	(8,892)
Park and Recreation	(280,773)
Victims Advocacy Grant	(3,203)

A similar comment appeared in prior Report B34927.

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)

CONDITION OF RECORDS - PAYROLL CLEARING ACCOUNTS

At December 31, 2009, the \$532 balance in the Old Payroll Clearing Fund and the \$49,334 balance in the Payroll Withholdings - Other Unknown Fund, are unidentified. The records presented did not provide sufficient information to audit or establish beginning balances, receipts, disbursements, ending balances, or the accuracy or correctness of the transactions of these funds. A similar comment appeared in prior Report B34927.

CITY OF MARION
AUDIT RESULTS AND COMMENTS
(Continued)

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)

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)

TRANSFER OF FUNDS

Transfers of \$12,651 and \$32,987 were made December 31, 2009, from the General Fund to the Animal Control Fund and the Unsafe Building Fund, respectively. These transfers were made to prevent the funds from ending the year with a negative cash balance.

IC 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."

FUND SOURCES AND USES

Transfers of \$729,859 and \$105,480 were made December 31, 2009, from the Police Pension Fund and Firefighters' Pension Fund, respectively, to the Insurance Reserve Fund. These transfers were made to prevent the Insurance Reserve Fund from ending the year with a negative cash balance and pay for the costs of health insurance provided to members, survivors, and beneficiaries of the Police and Firefighters' Pension Funds. No specific authorization for these transfers was made by the Common Council.

IC 36-8-6-5.5 (Police 1925 Pension) and IC 36-8-7-9.5 (Firefighters' 1937 Pension) provide for the use of pension funds for health insurance or other health benefits with restrictions. These statutes were effective July 1, 2009, and applied to eligible health insurance benefits paid after that date. The maximum amount that may be transferred is the lesser of the unencumbered balance of the fund on December 31, 2008, and the amount of property taxes deposited in the fund after December 31, 2008, or eligible health insurance benefits paid after July 1, 2009. Restrictions also include authorization of a local board for the use of the fund for health insurance purposes.

CITY OF MARION
 AUDIT RESULTS AND COMMENTS
 (Continued)

The following is a schedule of maximum amounts allowed to be transferred per statute:

	<u>Police</u>	<u>Firefighters'</u>
Maximum amount that may be used for health insurance:		
a. Fund Balance at December 31, 2008	\$ 416,505	\$ 430,825
b. Property tax distributions received after December 31, 2008	<u>13,290</u>	<u>13,383</u>
Maximum amount that may be transferred	<u>\$ 429,795</u>	<u>\$ 444,208</u>
Insurance benefits paid after July 1, 2009	<u>\$ 91,622</u>	<u>\$ 148,116</u>
Allowable transfer	\$ 91,622	\$ 148,116
Transfers to Insurance Reserve Fund	<u>729,859</u>	<u>105,480</u>
Amounts transferred in excess of or less than eligible health insurance benefits paid	<u>\$ (638,237)</u>	<u>\$ 42,636</u>

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)

PUBLIC RECORDS RETENTION

In 2009, bids were received for the construction of the Wave Pool at the Splash House Water Park. Three bids were received, with the low bid of \$1,373,325 receiving the contract. However, the original bid documents were not presented for audit, as officials indicated these records could not be located.

IC 5-15-6-3(f) concerning destruction of public records, states, in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

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 RESULTS AND COMMENTS
(Continued)

PENALTIES, INTEREST, AND OTHER CHARGES

During the audit period, the City was incurring and paying late penalties to Marion Utilities. Total penalties paid during 2009 for some City accounts, included the Splash House \$911, Ballard Field \$150, Aqua Dome \$84, Hogan Park \$81, and Street Department Garage \$69.

On May 3, 1989, the Board of Works passed "A Resolution Granting the Authority to Disburse Certain Funds for the City of Marion, Indiana." This resolution authorized the City Controller ". . . to write checks for those claims which must be paid timely in order to avoid late charges, penalty or interest." Included among these claims are ". . . utility bills which are subject to late charges."

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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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

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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 each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are 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 each of its major federal programs 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 each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The 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, 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 control deficiency in a City's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

July 27, 2010

CITY OF MARION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

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 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	PI-09-001	\$ 404,030
Total for federal grantor agency			<u>404,030</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	FY2008	<u>1,642</u>
Direct Grant			
ARRA-Recovery Act-Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-0432	<u>83,903</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	08VA044 2009-VA-GX-0031	22,312 <u>7,123</u>
Total for program			<u>29,435</u>
Total for federal grantor agency			<u>114,980</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Federal Transit Cluster			
Federal Transit - Formula Grants	20.507		
Operating Assistance		1802706O	375,744
Fare Rebate		18Y2706O	1,462
Administration and Marketing		18Y2706C	<u>7,200</u>
Total for cluster			<u>384,406</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-09-04-01-22	6,750
Pass-Through Grant County Highway Safety Cluster			
State and Community Highway Safety	20.600	PT-10-04-04-18	<u>3,250</u>
Total for program			<u>10,000</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	K8-2008-02-03-09 K4-2009-08-01-05 K4-2010-08-01-06 K8-2010-03-03-09	3,750 3,125 6,250 <u>1,450</u>
Total for program			<u>14,575</u>
Total for cluster			<u>24,575</u>
Direct Grant			
Airport Improvement Program	20.106	3-18-0053-13 3-18-0053-14 3-18-0053-15 3-18-0053-16	101,549 95,642 27,312 <u>101,603</u>
Total for program			<u>326,106</u>
Total for federal grantor agency			<u>735,087</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	DW0910270	<u>220,000</u>
Total for federal grantor agency			<u>220,000</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	053-46908-00	<u>37,081</u>
Total for federal grantor agency			<u>37,081</u>
Total federal awards expended			<u>\$ 1,511,178</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MARION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. 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.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to sub-recipients as follows for the year ended December 31, 2009:

Program Title	Federal CFDA Number	2009
ARRA - Recovery Act – Edward Byrne Memorial Justice Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	<u>\$ 41,952</u>

CITY OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Federal Transit Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

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.

CITY OF MARION
EXIT CONFERENCE

The contents of this report were discussed on July 27, 2010, with Wayne W. Seybold, Mayor, and Cindy Wright, Controller.