B45692

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF MARION
GRANT COUNTY, INDIANA

January 1, 2014 to December 31, 2014

FILED
01/15/2016

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SCHEDULE OF OFFICIALS

Office	Official	Term
Controller	Tameria N. Miller	01-01-14 to 08-05-14
	(Vacant)	08-06-14 to 09-06-14
	Retha S. Hicks	09-07-14 to 12-31-15
Mayor	Wayne W. Seybold	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Bryan K. Harris	01-01-14 to 12-31-15
President of the Common Council	Henry L. Smith	01-01-14 to 12-31-14
	Joselyn M. Whitticker	01-01-15 to 12-31-15
Utilities Director	John C. Binkerd	01-01-14 to 12-31-15

STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Marion (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 5, 2015, 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* in considering the City's internal control over financial reporting and compliance.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 5, 2015

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

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

We have audited, 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, the financial statement of the City of Marion (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated October 5, 2015, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

City of Marion's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 5, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the City. The financial statement and notes are presented as intended by the City.

CITY OF MARION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Reimbursable Fire Grant	$ -	$ 9,520	$ 10,240	$ (720)
Stellar Assistance Development	-	5,000	5,000	-
General Fund	399,554	27,139,042	27,473,761	64,835
Motor Vehicle Highway	698,222	2,823,166	3,031,620	489,768
Local Road and Street	156,079	242,317	237,647	160,749
Aviation	20,592	399,638	387,804	32,426
Park Non Reverting	80	527,947	573,085	(45,058)
Employees Flex Spend	51,680	67,528	63,731	55,477
Marion Economic Development Commission	7,318	200	-	7,518
Parking Enforcement	15,920	443	-	16,363
IDOT IN Dept of Transportation	5,037	-	-	5,037
Abandoned Vehicles	72	4,575	2,281	2,366
Local Law Continuing Education	29,627	21,427	16,274	34,780
Unsafe Building	209,459	75,130	137,380	147,209
Parks and Recreation	73,507	818,264	864,415	27,356
User Fee	29,554	4,092	-	33,646
Rainy Day	10,407	-	-	10,407
CEDIT	68,150	1,000,941	1,118,800	(49,709)
TIF Allocation	1,156,961	7,424,688	5,948,121	2,633,528
Cumulative Capital Improvement	239,870	79,222	224,053	95,039
Cumulative Capital Development	109,246	575,629	451,750	233,125
1925 Police Pension	37,199	950,734	997,149	(9,216)
1937 Fire Pension	23,279	1,294,032	1,360,781	(43,470)
County Share Clerk's Fees	6,508	12,908	10,922	8,494
City Probation Checking Account	961	32,297	33,258	-
City Clerk Checking Account	85,790	347,651	339,284	94,157
Donation	500	13,700	-	14,200
Animal Control Non Reverting	(175,447)	70,756	104,732	(209,423)
Reduce Drunk Driving	4,250	14,147	17,824	573
Fire Department Donations	9,299	5,752	5,105	9,946
Police Department Donations	13,582	20,509	33,759	332
Environmental Public Nuisance	280	866	225	921
Victim's Advocacy Grant	(7,634)	33,146	36,345	(10,833)
Group Gasoline	2,561	414,147	399,412	17,296
Public Works Scrapping	3,142	-	-	3,142
Supplement Adult Probation	4,259	-	1,246	3,013
Neighborhood Association Contributions	331	50	246	135
PR - Allstate Cancer PT	-	766	766	-
IIRF	101,214	98	19,671	81,641
2005 Park Bond Construction	121	-	121	-
City Bond and Interest	85,536	357,832	363,399	79,969
BAN 2006 Madjec	5	-	5	-
Park Bond	68,948	755,763	672,116	152,595
Park District Refunding Bond Series 2014	-	70,771	70,000	771
COIT Refunding Bond 2014	-	93,000	80,797	12,203
Industrial Development CREED	1,590,773	1,000,294	770,320	1,820,747
Airport Capital Improvement	215,690	437,736	424,891	228,535
BAN 2010	1	-	1	-
Justice Assistance Grant	331	-	-	331
2011 Bond	38	-	38	-
COPS Grant	41,864	15,503	3,217	54,150
Insurance Reserve	(2,017,672)	4,266,100	5,603,492	(3,355,064)
Court Cost Due County	8,984	18,764	17,200	10,548
PR - Net	-	33,147	33,147	-
10PR - Federal	-	1,349,701	1,349,701	-
PR - FICA	-	447,257	447,257	-
PR - Medicare	-	284,874	284,874	-
PR - State	-	418,949	418,949	-
PR - County	-	218,586	218,586	-
PR - Civil PERF	-	5,076	5,076	-
PR - Voluntary PERF	-	98,468	98,468	-

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

CITY OF MARION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
PR - Direct Deposit	-	9,014,528	9,014,528	-
PR - Aflac Accident PT	-	8,058	8,058	-
PR - Aflac Cancer PT	-	3,963	3,963	-
PR - Aflac PRP PT	-	1,343	1,343	-
PR - Aflac Dental Employee	-	105,294	105,294	-
PR - Aflac Disability	-	6,399	6,399	-
PR - Aflac Life Ins	-	3,196	3,196	-
PR - Allstate Dental	-	245	245	-
PR - Allstate Life	-	1,650	1,650	-
PR - Flex Reimbursement	-	67,437	67,437	-
PR - Cincinnati Life Ins	-	3,136	3,136	-
PR - Transamerica	-	2,009	2,009	-
PR - Fire Union Dues	-	25,108	25,108	-
PR - Police Union Dues	-	18,102	18,102	-
PR - Transportation Union	-	4,988	4,988	-
PR - Street Union Dues	-	6,551	6,551	-
PR - YMCA Dues	-	17,870	17,870	-
PR - Chaplaincy Program	-	5,903	5,903	-
PR - Firefighters PAC	-	4,507	4,507	-
PR - United Way	-	2,854	2,854	-
PR - Credit Union	-	541,737	541,737	-
PR - Child Support Fee	-	760	760	-
PR - Miscellaneous Fees	-	169	169	-
PR - Child Support	-	139,860	139,860	-
PR - Garnishment	-	10,089	10,089	-
PR - Delinquent Co Taxes	-	4,242	4,242	-
State Annual Child Support Fee	-	660	660	-
City of Marion - Vehicles	-	31,980	31,980	-
City of Marion - Cell Phones	-	1,530	1,530	-
Grange Life Insurance	-	16,355	16,355	-
OneAmerica	-	87,753	87,753	-
Monumental Life	-	2,239	2,239	-
IRS LEVY MC	-	6,000	6,000	-
Liberty National	-	28,186	28,186	-
D. Aikman	-	3,240	3,240	-
CAIC Accident	-	14,004	14,004	-
CAIC Critical Illness	-	14,194	14,194	-
Allstate: Critical Illness	-	376	376	-
City of Marion Health Insurance	-	286,120	286,120	-
Employee Aircards	-	1,260	1,260	-
Storm Water Operating	220,719	977,786	982,346	216,159
Storm Water Depreciation	141,017	37,409	57,650	120,776
Storm Water Depreciation Equipment Reserve	57,414	174,818	-	232,232
Storm Water Bond Reserve	429,920	-	-	429,920
Storm Water Construction	370,429	485,944	303,922	552,451
Storm Water Bond and Interest	249,906	374,090	389,959	234,037
Wastewater Operation	496,623	2,493,043	2,789,286	200,380
Wastewater Customer Deposit	238,170	66,059	63,709	240,520
Wastewater Depreciation	420,762	477,260	234,575	663,447
Wastewater Bond and Interest	717,969	1,432,904	1,263,382	887,491
Wastewater Construction	483,295	526,718	485,949	524,064
Wastewater Trash Collections	26,974	966,215	949,022	44,167
Water Operating	185,682	3,374,351	3,382,044	177,989
Water Consumer Deposits	257,070	73,545	67,368	263,247
Water Depreciation	784,595	1,659,973	1,877,901	566,667
Water Quail Hollow	21,700	-	-	21,700
Water Construction	68,448	248,065	72,859	243,654
Water H2O Community	-	1,765	715	1,050
Totals	$ 8,556,721	$ 78,165,989	$ 78,182,924	$ 8,539,786

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents the financial information for the City.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

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

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

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

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

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

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

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

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

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

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

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

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

C. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy

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

On Behalf Payments

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

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

Plan Description

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

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

INPRS 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:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the cost of operation exceeding the receipts generated; the reimbursement of expenditures from a reimbursable grant not being received by year end; and plan claims exceeding plan contributions.

Note 8. Other Postemployment Benefits

The City provides eligible retirees and their spouses postemployment health benefits as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after 20 years of service or incur a job related disability. The City pays a fixed monthly amount per eligible retiree, spouse, and family. Disbursements for these postemployment benefits were recognized on a pay-as-you-go basis. These benefits posed a liability to the City during 2014. Information regarding the benefits can be obtained by contacting the City.

Note 9. Subsequent Events

On December 15, 2014, the City of Marion approved General Ordinance No. 13-2014, thereby transferring the control and supervision over the collection of refuse/garbage/recycling (including billing and collecting fees therefore) from the Board of Public Works to the Utility Service Board. Effective January 1, 2015, a separate Solid Waste Utility will be established.

A lease of $1,800,000 dated September 3, 2015, was entered into for the acquisition of equipment necessary to operate the Solid Waste Utility.

On May 26, 2015, the City of Marion approved General Ordinance No. 3-2015, authorizing the issuance of Sewage Works Revenue Bonds. The bond proceeds are to be used for improvements and extensions to the sewage works. On September 1, 2015, $8,610,000 of bonds was issued at a 3.30 percent net interest cost. The bonds have a July 1, 2036 final maturity.

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: https://gateway.ifionline.org/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the City. It is presented as intended by the City.

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	Reimbursable Fire Grant	Stellar Assistance Development	General Fund	Motor Vehicle Highway	Local Road and Street	Aviation	Park Non Reverting	Employees Flex Spend
Cash and investments - beginning	$ -	$ -	$ 399,554	$ 698,222	$ 156,079	$ 20,592	$ 80	$ 51,680
Receipts:								
Taxes	-	-	11,758,511	901,941	-	203,150	-	-
Licenses and permits	-	-	101,428	5,050	-	-	-	-
Intergovernmental	9,520	5,000	4,747,929	1,116,742	242,317	7,572	-	-
Charges for services	-	-	1,959,747	-	-	-	527,653	-
Fines and forfeits	-	-	55,421	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	8,516,006	799,433	-	188,916	294	67,528
Total receipts	9,520	5,000	27,139,042	2,823,166	242,317	399,638	527,947	67,528
Disbursements:								
Personal services	-	-	14,688,027	1,395,883	-	-	222,192	-
Supplies	-	-	479,534	452,425	-	2,150	277,454	-
Other services and charges	-	5,000	3,858,690	328,613	237,647	175,738	73,439	-
Debt service - principal and interest	-	-	8,220,000	854,699	-	188,916	-	-
Capital outlay	10,240	-	46,312	-	-	21,000	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	181,198	-	-	-	-	63,731
Total disbursements	10,240	5,000	27,473,761	3,031,620	237,647	387,804	573,085	63,731
Excess (deficiency) of receipts over disbursements	(720)	-	(334,719)	(208,454)	4,670	11,834	(45,138)	3,797
Cash and investments - ending	$ (720)	$ -	$ 64,835	$ 489,768	$ 160,749	$ 32,426	$ (45,058)	$ 55,477

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Marion Economic Development Commission	Parking Enforcement	IDOT IN Dept of Transportation	Abandoned Vehicles	Local Law Continuing Education	Unsafe Building	Parks and Recreation	User Fee
Cash and investments - beginning	$ 7,318	$ 15,920	$ 5,037	$ 72	$ 29,627	$ 209,459	$ 73,507	$ 29,554
Receipts:								
Taxes	-	-	-	-	-	-	414,652	-
Licenses and permits	-	-	-	-	9,968	-	-	-
Intergovernmental	-	-	-	-	-	-	18,512	-
Charges for services	-	443	-	4,575	5,750	-	-	4,092
Fines and forfeits	200	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	5,709	75,130	385,100	-
Total receipts	200	443	-	4,575	21,427	75,130	818,264	4,092
Disbursements:								
Personal services	-	-	-	-	-	-	342,029	-
Supplies	-	-	-	-	5,623	-	43,119	-
Other services and charges	-	-	-	2,281	10,651	137,380	94,167	-
Debt service - principal and interest	-	-	-	-	-	-	385,100	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	2,281	16,274	137,380	864,415	-
Excess (deficiency) of receipts over disbursements	200	443	-	2,294	5,153	(62,250)	(46,151)	4,092
Cash and investments - ending	$ 7,518	$ 16,363	$ 5,037	$ 2,366	$ 34,780	$ 147,209	$ 27,356	$ 33,646

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Rainy Day	CEDIT	TIF Allocation	Cumulative Capital Improvement	Cumulative Capital Development	1925 Police Pension	1937 Fire Pension	County Share Clerk's Fees
Cash and investments - beginning	$ 10,407	$ 68,150	$ 1,156,961	$ 239,870	$ 109,246	$ 37,199	$ 23,279	$ 6,508
Receipts:								
Taxes	-	-	6,517,948	-	256,946	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	1,000,941	-	79,222	10,861	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	12,908
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	906,740	-	307,822	950,734	1,294,032	-
Total receipts	-	1,000,941	7,424,688	79,222	575,629	950,734	1,294,032	12,908
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	1,111,642	5,948,121	-	3,795	997,149	1,360,781	-
Debt service - principal and interest	-	-	-	-	321,390	-	-	-
Capital outlay	-	-	-	224,053	126,565	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	7,158	-	-	-	-	-	10,922
Total disbursements	-	1,118,800	5,948,121	224,053	451,750	997,149	1,360,781	10,922
Excess (deficiency) of receipts over disbursements	-	(117,859)	1,476,567	(144,831)	123,879	(46,415)	(66,749)	1,986
Cash and investments - ending	$ 10,407	$ (49,709)	$ 2,633,528	$ 95,039	$ 233,125	$ (9,216)	$ (43,470)	$ 8,494

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	City Probation Checking Account	City Clerk Checking Account	Donation	Animal Control Non Reverting	Reduce Drunk Driving	Fire Department Donations	Police Department Donations	Environmental Public Nuisance
Cash and investments - beginning	$ 961	$ 85,790	$ 500	$ (175,447)	$ 4,250	$ 9,299	$ 13,582	$ 280
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	14,147	-	2,584	-
Charges for services	-	-	-	-	-	1,283	-	866
Fines and forfeits	32,297	347,651	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	13,700	70,756	-	4,469	17,925	-
Total receipts	32,297	347,651	13,700	70,756	14,147	5,752	20,509	866
Disbursements:								
Personal services	-	-	-	-	17,824	-	-	-
Supplies	-	-	-	33,503	-	-	33,009	-
Other services and charges	-	-	-	71,229	-	4,507	750	225
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	598	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	33,258	339,284	-	-	-	-	-	-
Total disbursements	33,258	339,284	-	104,732	17,824	5,105	33,759	225
Excess (deficiency) of receipts over disbursements	(961)	8,367	13,700	(33,976)	(3,677)	647	(13,250)	641
Cash and investments - ending	$ -	$ 94,157	$ 14,200	$ (209,423)	$ 573	$ 9,946	$ 332	$ 921

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Victim's Advocacy Grant	Group Gasoline	Public Works Scrapping	Supplement Adult Probation	Neighborhood Association Contributions	PR - Allstate Cancer PT	IIRF	2005 Park Bond Construction
Cash and investments - beginning	$ (7,634)	$ 2,561	$ 3,142	$ 4,259	$ 331	$ -	$ 101,214	$ 121
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	33,146	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	414,147	-	-	50	766	98	-
Total receipts	33,146	414,147	-	-	50	766	98	-
Disbursements:								
Personal services	36,345	-	-	-	-	-	-	-
Supplies	-	399,412	-	34	-	-	-	-
Other services and charges	-	-	-	1,212	246	-	-	121
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	766	19,671	-
Total disbursements	36,345	399,412	-	1,246	246	766	19,671	121
Excess (deficiency) of receipts over disbursements	(3,199)	14,735	-	(1,246)	(196)	-	(19,573)	(121)
Cash and investments - ending	$ (10,833)	$ 17,296	$ 3,142	$ 3,013	$ 135	$ -	$ 81,641	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	City Bond and Interest	BAN 2006 Madjec	Park Bond	Park District Refunding Bond Series 2014	COIT Refunding Bond 2014	Industrial Development CREED	Airport Capital Improvement	BAN 2010
Cash and investments - beginning	$ 85,536	$ 5	$ 68,948	$ -	$ -	$ 1,590,773	$ 215,690	$ 1
Receipts:								
Taxes	191,781	-	405,974	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	7,521	-	14,893	-	93,000	1,000,294	242,100	-
Charges for services	-	-	-	-	-	-	141,728	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	158,530	-	334,896	70,771	-	-	53,908	-
Total receipts	357,832	-	755,763	70,771	93,000	1,000,294	437,736	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	5	19,107	70,000	80,797	770,320	38,919	-
Debt service - principal and interest	363,399	-	653,009	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	385,972	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	1
Total disbursements	363,399	5	672,116	70,000	80,797	770,320	424,891	1
Excess (deficiency) of receipts over disbursements	(5,567)	(5)	83,647	771	12,203	229,974	12,845	(1)
Cash and investments - ending	$ 79,969	$ -	$ 152,595	$ 771	$ 12,203	$ 1,820,747	$ 228,535	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Justice Assistance Grant	2011 Bond	COPS Grant	Insurance Reserve	Court Cost Due County	PR - Net	10PR - Federal	PR - FICA
Cash and investments - beginning	$ 331	$ 38	$ 41,864	$ (2,017,672)	$ 8,984	$ -	$ -	$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	15,503	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	18,764	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	-	-	-	4,266,100	-	33,147	1,349,701	447,257
Total receipts	-	-	15,503	4,266,100	18,764	33,147	1,349,701	447,257
Disbursements:								
Personal services	-	-	3,217	4,235,401	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	38	-	1,368,091	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	17,200	33,147	1,349,701	447,257
Total disbursements	-	38	3,217	5,603,492	17,200	33,147	1,349,701	447,257
Excess (deficiency) of receipts over disbursements	-	(38)	12,286	(1,337,392)	1,564	-	-	-
Cash and investments - ending	$ 331	$ -	$ 54,150	$ (3,355,064)	$ 10,548	$ -	$ -	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	PR - Medicare	PR - State	PR - County	PR - Civil PERF	PR - Voluntary PERF	PR - Direct Deposit	PR - Aflac Accident PT	PR - Aflac Cancer PT
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	284,874	418,949	218,586	5,076	98,468	9,014,528	8,058	3,963
Total receipts	284,874	418,949	218,586	5,076	98,468	9,014,528	8,058	3,963
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	284,874	418,949	218,586	5,076	98,468	9,014,528	8,058	3,963
Total disbursements	284,874	418,949	218,586	5,076	98,468	9,014,528	8,058	3,963
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	PR - Aflac PRP PT	PR - Aflac Dental Employee	PR - Aflac Disability	PR - Aflac Life Ins	PR - Allstate Dental	PR - Allstate Life	PR - Flex Reimbursement	PR - Cincinnati Life Ins
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	1,343	105,294	6,399	3,196	245	1,650	67,437	3,136
Total receipts	1,343	105,294	6,399	3,196	245	1,650	67,437	3,136
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	1,343	105,294	6,399	3,196	245	1,650	67,437	3,136
Total disbursements	1,343	105,294	6,399	3,196	245	1,650	67,437	3,136
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	PR - Transamerica	PR - Fire Union Dues	PR - Police Union Dues	PR - Transportation Union	PR - Street Union Dues	PR - YMCA Dues	PR - Chaplaincy Program	PR - Firefighters PAC
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	2,009	25,108	18,102	4,988	6,551	17,870	5,903	4,507
Total receipts	2,009	25,108	18,102	4,988	6,551	17,870	5,903	4,507
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	2,009	25,108	18,102	4,988	6,551	17,870	5,903	4,507
Total disbursements	2,009	25,108	18,102	4,988	6,551	17,870	5,903	4,507
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	PR - United Way	PR - Credit Union	PR - Child Support Fee	PR - Miscellaneous Fees	PR - Child Support	PR - Garnishment	PR - Delinquent Co Taxes	State Annual Child Support Fee
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	2,854	541,737	760	169	139,860	10,089	4,242	660
Total receipts	2,854	541,737	760	169	139,860	10,089	4,242	660
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	2,854	541,737	760	169	139,860	10,089	4,242	660
Total disbursements	2,854	541,737	760	169	139,860	10,089	4,242	660
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	City of Marion - Vehicles	City of Marion - Cell Phones	Grange Life Insurance	OneAmerica	Monumental Life	IRS LEVY MC	Liberty National	D. Aikman
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	31,980	1,530	16,355	87,753	2,239	6,000	28,186	3,240
Total receipts	31,980	1,530	16,355	87,753	2,239	6,000	28,186	3,240
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	31,980	1,530	16,355	87,753	2,239	6,000	28,186	3,240
Total disbursements	31,980	1,530	16,355	87,753	2,239	6,000	28,186	3,240
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	-
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	CAIC Accident	CAIC Critical Illness	Allstate: Critical Illness	City of Marion Health Insurance	Employee Aircards	Storm Water Operating	Storm Water Depreciation	Storm Water Depreciation Equipment Reserve
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ 220,719	$ 141,017	$ 57,414
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	977,786	-	-
Other receipts	14,004	14,194	376	286,120	1,260	-	37,409	174,818
Total receipts	14,004	14,194	376	286,120	1,260	977,786	37,409	174,818
Disbursements:								
Personal services	-	-	376	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	14,004	14,194	-	286,120	1,260	982,346	57,650	-
Total disbursements	14,004	14,194	376	286,120	1,260	982,346	57,650	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(4,560)	(20,241)	174,818
Cash and investments - ending	$ -	$ -	$ -	$ -	$ -	$ 216,159	$ 120,776	$ 232,232

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Storm Water Bond Reserve	Storm Water Construction	Storm Water Bond and Interest	Wastewater Operation	Wastewater Customer Deposit	Wastewater Depreciation	Wastewater Bond and Interest	Wastewater Construction
Cash and investments - beginning	$ 429,920	$ 370,429	$ 249,906	$ 496,623	$ 238,170	$ 420,762	$ 717,969	$ 483,295
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Utility fees	-	-	-	2,493,043	-	-	1,432,904	-
Other receipts	-	485,944	374,090	-	66,059	477,260	-	526,718
Total receipts	-	485,944	374,090	2,493,043	66,059	477,260	1,432,904	526,718
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	1,073,438	-
Other disbursements	-	303,922	389,959	2,789,286	63,709	234,575	189,944	485,949
Total disbursements	-	303,922	389,959	2,789,286	63,709	234,575	1,263,382	485,949
Excess (deficiency) of receipts over disbursements	-	182,022	(15,869)	(296,243)	2,350	242,685	169,522	40,769
Cash and investments - ending	$ 429,920	$ 552,451	$ 234,037	$ 200,380	$ 240,520	$ 663,447	$ 887,491	$ 524,064

CITY OF MARION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Wastewater Trash Collections	Water Operating	Water Consumer Deposits	Water Depreciation	Water Quail Hollow	Water Construction	Water H2O Community	Totals
Cash and investments - beginning	$ 26,974	$ 185,682	$ 257,070	$ 784,595	$ 21,700	$ 68,448	$ -	$ 8,556,721
Receipts:								
Taxes	-	-	-	-	-	-	-	20,650,903
Licenses and permits	-	-	-	-	-	-	-	116,446
Intergovernmental	-	-	-	-	-	-	-	8,661,804
Charges for services	-	-	-	-	-	-	-	2,646,137
Fines and forfeits	-	-	-	-	-	-	-	467,241
Utility fees	966,215	3,374,351	-	-	-	-	-	9,244,299
Other receipts	-	-	73,545	1,659,973	-	248,065	1,765	36,379,159
Total receipts	966,215	3,374,351	73,545	1,659,973	-	248,065	1,765	78,165,989
Disbursements:								
Personal services	-	-	-	-	-	-	-	20,941,294
Supplies	-	-	-	-	-	-	-	1,726,263
Other services and charges	-	-	-	-	-	-	-	16,770,661
Debt service - principal and interest	-	-	-	-	-	-	-	10,986,513
Capital outlay	-	-	-	-	-	-	-	814,740
Utility operating expenses	949,022	-	-	-	-	-	-	2,022,460
Other disbursements	-	3,382,044	67,368	1,877,901	-	72,859	715	24,920,993
Total disbursements	949,022	3,382,044	67,368	1,877,901	-	72,859	715	78,182,924
Excess (deficiency) of receipts over disbursements	17,193	(7,693)	6,177	(217,928)	-	175,206	1,050	(16,935)
Cash and investments - ending	$ 44,167	$ 177,989	$ 263,247	$ 566,667	$ 21,700	$ 243,654	$ 1,050	$ 8,539,786

CITY OF MARION
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
City of Marion	Ram truck	$ 6,022	7/1/2014	7/1/2016
City of Marion	Freightliner trucks	120,513	2/15/2014	2/15/2019
City of Marion	Energy Savings 2011	126,384	3/2/2012	3/2/2026
Total of annual lease payments		$ 252,919		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	2005 insurance note	$ 395,000	$ 208,643
Notes and loans payable	2008 aviation loan	140,359	43,638
Notes and loans payable	Utility loans 2012 and 2013	1,700,000	1,700,000
Notes and loans payable	2013 Insurance loan	2,299,000	808,728
General obligation bonds	2011 redevelopment CREED refunding bonds	4,060,000	724,765
General obligation bonds	2002 Pennsylvania Avenue	385,000	136,515
General obligation bonds	2014 park district refunding	3,930,000	425,515
General obligation bonds	2014 COIT refunding	4,875,000	617,325
Storm Water:			
Notes and loans payable	Storm sewer separation	1,472,861	373,711
Totals		$ 19,257,220	$ 5,038,840

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SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Marion's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 5, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the City. The schedule and note are presented as intended by the City.

CITY OF MARION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Department of Justice				
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	2013-VA-GX-0036	$ 33,146
Bulletproof Vest Partnership Program	Direct Grant	16.607	1121-0235	2,584
ARRA - Public Safety Partnership and Community Policing Grants	Direct Grant	16.710	2009-RK-WX-0340	3,217
Total - Department of Justice				38,947
Department of Transportation				
Airport Improvement Program	Direct Grant	20.106	3-18-0053-22	8,921
			3-18-0053-23	219,004
Total - Airport Improvement Program				227,925
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES1173225	53,869
			DES0900124	69,953
Total - Highway Planning and Construction Cluster				123,822
Federal Transit Cluster				
Federal Transit - Formula Grants	Indiana Department of Transportation	20.507		
Operating Assistance			0013809984	138,983
			0014811692	467,890
Fare Rebate			0013809975	1,600
			0014811136	7,200
Administration/ Marketing			0013809971	496
			0014811570	3,207
Total - Federal Transit Cluster				619,376
Highway Safety Cluster				
State and Community Highway Safety	Grant County	20.600	D3-14-8181	6,543
			D3-15-8930	7,604
Total - Highway Safety Cluster				14,147
Total - Department of Transportation				985,270
Department of Homeland Security				
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067	C44P-4-520B	5,529
Total - Department of Homeland Security				5,529
Total federal awards expended				$ 1,029,746

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF MARION
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

CITY OF MARION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

Name of Federal Program or Cluster
Federal Transit Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Finding

FINDING 2014-001 - INTERNAL CONTROLS OVER REPORTING OF EXPENDITURES OF FEDERAL AWARDS

The City did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The City should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: (a) two federal programs were overstated by a total of $461,397; (b) two federal programs were omitted from the schedule totaling $137,969; (c) one federal program was understated by $2,751; (d) two state grants of $11,250 were included; (e) information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were either incorrectly reported or omitted for some grant awards. Audit adjustments were proposed, accepted by the City, and made to the SEFA presented in this report.

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

(1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.

(3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

(4) Include notes that describe the significant accounting policies used in preparing the schedule.

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

(6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the City. The documents are presented as intended by the City.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FEDERAL FINDING 2013-003 CASH MANAGEMENT – INTERNAL CONTROLS/COMPLIANCE REQUIREMENTS

Original Assigned SBA Audit Report Number: **B43988**
Report Period: 1-1-2013 TO 12-31-2013
Pass-Through Entity or Federal Grantor Agency: **DEPT OF TRANSPORTATION**
Contact Person Responsible for Corrective Action: Retha S Hicks
Contact Phone Number: 765.382.3779

Status of Audit Finding:

All personnel in Controller's office have been requested to be alert regarding this grant to assure prompt attention to paying invoices.

FEDERAL FINDING 2013-004 EQUIPMENT AND REAL PROPERTY MANAGEMENT-INTERNAL CONTROLS/COMPLIANCE REQUIREMENTS

Original Assigned SBA Audit Report Number: **B43988**
Report Period: 1-1-2013 TO 12-31-2013
Pass-Through Entity or Federal Grantor Agency: **DEPT OF TRANSPORTATION**
Contact Person Responsible for Corrective Action: Retha S Hicks
Contact Phone Number: 765.382.3779

Status of Audit Finding:

All city property was reviewed and updated for monetary value and identification in May and June of 2015. Staff was alerted to complete this process every two years.

Retha S. Hicks, Controller

Date: 8/3/15

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Retha S. Hicks
Contact Phone Number: 765.382.3779

Description of Corrective Action Plan:

Deputy Controller will assist the Controller to administer the City's grants and assist in entering the grant information into Gateway for the Annual Report. The deputy will be compiling all of the Grant Files throughout the year and the Controller will review them.

Anticipated Completion Date: in place currently.

Retha S. Hicks, Controller

Date: 8/12/2015

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: http://www.in.gov/sboa/.