

**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, 2015 to December 31, 2015



**FILED**  
09/05/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Mayor	Wayne W. Seybold	01-01-12 to 12-31-15
	Jess Alumbaugh	01-01-16 to 12-31-19
Controller	Retha S. Hicks	01-01-15 to 12-31-15
	Julie L. Flores	01-01-16 to 12-31-17
City Clerk	Kathleen Kiley	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Bryan K. Harris	01-01-15 to 01-24-16
	Joselyn M. Whitticker (interim)	01-25-16 to 04-17-16
	Alex D. Huskey	04-18-16 to 12-31-16
	Adam Binkerd	01-01-17 to 06-19-17
	(Vacant)	06-20-17 to 07-02-17
	Cindy Cunningham	07-03-17 to 12-31-17
President of the Common Council	Joselyn M. Whitticker	01-01-15 to 12-31-15
	James Brunner	01-01-16 to 12-31-17
Utilities Director	John C. Binkerd	01-01-15 to 12-31-17



**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, 2015, 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 (Indiana Code 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 from 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

As discussed in Note 1 to 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, 2015.

***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, 2015, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, Schedule of Payables and Receivables, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated July 3, 2017, 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, CPA  
State Examiner

July 3, 2017



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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, 2015, and the related notes to the financial statement, and have issued our report thereon dated July 3, 2017, 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.

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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 City's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001, that we consider 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 2015-001.

**City of Marion's Response to Findings**

The City's response to the finding 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, CPA  
State Examiner

July 3, 2017

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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, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Reimbursable Fire Grant	\$ (720)	\$ 6,325	\$ 5,455	\$ 150
Stellar Assistance Development	-	5,000	5,000	-
General Fund	64,835	30,689,990	30,479,093	275,732
Motor Vehicle Highway	489,768	1,995,408	2,477,281	7,895
Local Road and Street	160,749	244,761	341,111	64,399
Aviation	32,426	406,596	438,901	121
Park Non Reverting	(45,058)	596,145	548,541	2,546
Employees Flex Spend	55,477	71,372	70,906	55,943
Marion Economic Development Commission	7,518	9,269	-	16,787
Blight Elimination Program	-	803,368	803,368	-
Parking Enforcement	16,363	414	-	16,777
IDOT IN Dept of Transportation	5,037	125,365	115,249	15,153
Abandoned Vehicles	2,366	425	1,049	1,742
Owner Occupied Rehabilitation	-	82,589	82,589	-
Local Law Enforcement Continuing Education	34,780	23,726	2,169	56,337
Unsafe Building	147,209	151,979	197,446	101,742
Parks and Recreation	27,356	937,308	964,652	12
User Fee	33,646	4,212	-	37,858
Rainy Day	10,407	-	-	10,407
CEDIT	(49,709)	945,195	828,022	67,464
TIF Allocation	2,633,528	5,405,764	5,442,116	2,597,176
Cumulative Capital Improvement	95,039	75,226	113,689	56,576
Cumulative Capital Development	233,125	563,689	639,463	157,351
1925 Police Pension	(9,216)	1,054,028	968,205	76,607
1937 Fire Pension	(43,470)	1,391,199	1,361,156	(13,427)
County Share Clerk's Fees	8,494	6,836	10,054	5,276
Wastewater Bond Reserves	-	608,513	-	608,513
City Clerk Checking Account	94,157	394,264	356,434	131,987
Donation	14,200	-	13,700	500
Animal Control Non Reverting	(209,423)	352,619	134,875	8,321
Reduce Drunk Driving	573	13,393	15,328	(1,362)
Fire Department Donations	9,946	6,194	3,741	12,399
Police Department Donations	332	33,955	22,822	11,465
Environmental Public Nuisance	921	8,318	4,908	4,331
Signal Preemption Grant -engineering	-	20,633	20,633	-
Victim's Advocacy Grant	(10,833)	32,455	35,442	(13,820)
Group Gasoline	17,296	297,378	269,694	44,980
Public Works Scrapping	3,142	-	-	3,142
Supplement Adult Probation	3,013	-	1,757	1,256
Neighborhood Association Contributions	135	50	148	37
PR - Allstate Cancer PT	-	694	694	-
IIRF	81,641	7,742	2,102	87,281
City Bond and Interest	79,969	368,965	361,671	87,263
Park Bond	152,595	1,256,009	965,765	442,839
Park District Refunding Bond Series 2014	771	-	-	771
COIT Refunding Bond 2014	12,203	-	-	12,203
Industrial Development CREED	1,820,747	1,747,652	1,897,018	1,671,381
Airport Capital Improvement	228,535	287,981	344,464	172,052
Justice Assistance Grant	331	-	-	331
Special Projects	-	75,000	16,842	58,158
COPS Grant	54,150	-	-	54,150
Insurance Reserve	(3,355,064)	4,323,996	5,227,139	(4,258,207)
Excess Levy Fund	-	3,264	-	3,264
Court Cost Due County	10,548	19,326	18,055	11,819
PR - Net	-	38,621	38,621	-
10PR - Federal	-	1,308,738	1,308,738	-
PR - FICA	-	427,803	427,803	-
PR - Medicare	-	277,878	277,878	-
PR - State	-	401,088	401,088	-
PR - County	-	210,688	210,688	-
PR - Civil PERF	-	5,082	5,082	-
PR - Voluntary PERF	-	95,452	95,452	-
PR - Direct Deposit	-	8,793,779	8,793,779	-
PR - Aflac Accident PT	-	7,590	7,590	-
PR - Aflac Cancer PT	-	3,233	3,233	-

The notes to the financial statement is 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, 2015  
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
PR - Aflac PRP PT	-	1,294	1,294	-
PR - Aflac Dental Employee	-	109,045	109,045	-
PR - Aflac Disability	-	5,950	5,950	-
PR - Aflac Life Insurance	-	2,319	2,319	-
PR - Allstate Dental	-	236	236	-
PR - Allstate Life	-	1,448	1,448	-
PR - Flex Reimbursement	-	71,176	71,176	-
PR - Cincinnati Life Insurance	-	2,446	2,446	-
PR - Transamerica	-	1,795	1,795	-
PR - Fire Union Dues	-	27,643	27,643	-
PR - Police Union Dues	-	19,015	19,015	-
PR - Transportation Union	-	5,408	5,408	-
PR - Street Union Dues	-	6,991	6,991	-
PR - YMCA Dues	-	19,160	19,160	-
PR - Chaplaincy Program	-	4,822	4,822	-
PR - Firefighters PAC	-	4,366	4,366	-
PR - United Way	-	2,488	2,488	-
PR - Credit Union	-	512,970	512,970	-
PR - Child Support Fee	-	744	744	-
PR - Miscellaneous Fees	-	283	283	-
PR - Child Support	-	125,847	125,847	-
PR - Garnishment	-	10,132	10,132	-
PR - Delinquent County Taxes	-	2,388	2,388	-
State Annual Child Support Fee	-	605	605	-
City of Marion-Vehicles	-	30,340	30,340	-
City of Marion - Cell Phones	-	1,210	1,210	-
Grange Life Insurance	-	14,800	14,800	-
OneAmerica	-	75,814	75,814	-
Monumental Life	-	2,081	2,081	-
Premiere Credit	-	3,156	3,156	-
IRS Levy MC	-	6,000	6,000	-
Liberty National	-	38,013	38,013	-
Donald Aikman	-	2,520	2,520	-
CAIC Accident	-	13,798	13,798	-
CAIC Critical Illness	-	13,002	13,002	-
Allstate: Critical Illness	-	362	362	-
City of Marion Health Insurance	-	275,100	275,100	-
Employee Aircards	-	2,490	2,490	-
US Department of Education	-	5,781	5,781	-
Petty Cash	-	200	-	200
Cash Change	-	2,450	1,500	950
Storm Water Operating	216,159	1,014,812	1,042,630	188,341
Storm Water Depreciation	120,776	58,236	171,910	7,102
Storm Water Depreciation Equipment Reserve	232,232	73,236	192,280	113,188
Storm Water Bond Reserve	429,920	-	-	429,920
Storm Water Construction	552,451	439,473	437,920	554,004
Storm Water Bond and Interest	234,037	366,181	389,959	210,259
Wastewater Operation	200,380	3,092,668	3,009,306	283,742
Wastewater Customer Deposit	240,520	60,663	68,417	232,766
Wastewater Depreciation	663,447	859,516	937,261	585,702
WW Bond & Interest	-	8,150,902	1,784,326	6,366,576
Wastewater Bond and Interest - LTCP	887,491	1,963,750	663,278	2,187,963
Wastewater Construction	524,064	507,050	454,559	576,555
Wastewater H2O Community	-	3,634	1,500	2,134
Water Operating	177,989	3,681,888	3,406,660	453,217
Water Consumer Deposits	263,247	69,423	69,719	262,951
Water Depreciation	566,667	932,809	1,108,985	390,491
Water Quail Hollow	21,700	-	-	21,700
Water Construction	243,654	215,418	102,964	356,108
Water H2O Community	1,050	-	1,050	-
Solid Waste Operating Fund	44,167	1,633,565	1,237,755	439,977
Solid Waste Customer Deposits	-	50,382	15,520	34,862
City Probation Checking Acct	-	33,186	33,186	-
<b>Totals</b>	<b>\$ 8,539,786</b>	<b>\$ 91,657,022</b>	<b>\$ 83,732,422</b>	<b>\$ 16,464,386</b>

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

CITY OF MARION  
NOTES TO FINANCIAL 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.* Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.* Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.* Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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.* Amounts received 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.* Amounts received from charges for current services.

*Other receipts.* Amounts received from various sources, including, but 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.* Amounts disbursed 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.* Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF MARION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Capital outlay.* Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

*Utility operating expenses.* Amounts disbursed for operating the utilities.

*Other disbursements.* Amounts disbursed for various other purposes including, but 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, make transfers 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 amounts 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 amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

CITY OF MARION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

State statutes authorize the City to invest in securities including, but not limited to, the following: 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

CITY OF MARION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

CITY OF MARION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public 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 reimbursable grants not being received by year end; and plan claims exceeding plan contributions.

**Note 8. Subsequent Event**

A lease of \$2,006,948, dated February 29, 2016, was entered into for the acquisition of equipment necessary to operate the Solid Waste Utility.

**Note 9. Other Postemployment Benefits**

The City provides to 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 2015. Information regarding the benefits can be obtained by contacting the City.

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#### 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 City's Annual Financial Report 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, 2015

	Reimbursable Fire Grant	Stellar Assistance Development	General Fund	Motor Vehicle Highway	Local Road and Street	Aviation	Park Non Reverting
Cash and investments - beginning	\$ (720)	\$ -	\$ 64,835	\$ 489,768	\$ 160,749	\$ 32,426	\$ (45,058)
Receipts:							
Taxes	-	-	12,428,344	453,983	-	203,147	-
Licenses and permits	-	-	73,212	4,335	-	-	-
Intergovernmental receipts	6,325	5,000	4,995,812	1,104,466	244,761	12,449	-
Charges for services	-	-	1,133,297	-	-	-	595,645
Fines and forfeits	-	-	63,407	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	11,995,918	432,624	-	191,000	500
Total receipts	6,325	5,000	30,689,990	1,995,408	244,761	406,596	596,145
Disbursements:							
Personal services	-	-	14,819,433	1,190,249	-	-	159,028
Supplies	-	-	434,847	407,545	-	2,150	277,635
Other services and charges	-	5,000	3,276,849	330,474	341,111	224,751	111,878
Debt service - principal and interest	-	-	11,700,000	428,500	-	191,000	-
Capital outlay	5,455	-	76,324	120,513	-	21,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	171,640	-	-	-	-
Total disbursements	5,455	5,000	30,479,093	2,477,281	341,111	438,901	548,541
Excess (deficiency) of receipts over disbursements	870	-	210,897	(481,873)	(96,350)	(32,305)	47,604
Cash and investments - ending	\$ 150	\$ -	\$ 275,732	\$ 7,895	\$ 64,399	\$ 121	\$ 2,546

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Employees Flex Spend	Marion Economic Development Commission	Blight Elimination Program	Parking Enforcement	IDOT IN Dept of Transportation	Abandoned Vehicles	Owner Occupied Rehabilitation
Cash and investments - beginning	\$ 55,477	\$ 7,518	\$ -	\$ 16,363	\$ 5,037	\$ 2,366	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	803,368	-	125,365	-	82,589
Charges for services	-	-	-	414	-	425	-
Fines and forfeits	-	300	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	71,372	8,969	-	-	-	-	-
Total receipts	<u>71,372</u>	<u>9,269</u>	<u>803,368</u>	<u>414</u>	<u>125,365</u>	<u>425</u>	<u>82,589</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	803,368	-	3,310	1,049	82,589
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	111,939	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	70,906	-	-	-	-	-	-
Total disbursements	<u>70,906</u>	<u>-</u>	<u>803,368</u>	<u>-</u>	<u>115,249</u>	<u>1,049</u>	<u>82,589</u>
Excess (deficiency) of receipts over disbursements	<u>466</u>	<u>9,269</u>	<u>-</u>	<u>414</u>	<u>10,116</u>	<u>(624)</u>	<u>-</u>
Cash and investments - ending	\$ <u>55,943</u>	\$ <u>16,787</u>	\$ <u>-</u>	\$ <u>16,777</u>	\$ <u>15,153</u>	\$ <u>1,742</u>	\$ <u>-</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Local Law Enforcement Continuing Education	Unsafe Building	Parks and Recreation	User Fee	Rainy Day	CEDIT	TIF Allocation
Cash and investments - beginning	\$ 34,780	\$ 147,209	\$ 27,356	\$ 33,646	\$ 10,407	\$ (49,709)	\$ 2,633,528
Receipts:							
Taxes	-	-	467,472	-	-	-	5,405,666
Licenses and permits	11,805	-	-	-	-	-	-
Intergovernmental receipts	-	-	28,677	-	-	945,195	-
Charges for services	6,850	-	159	4,212	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	5,071	151,979	441,000	-	-	-	98
Total receipts	<u>23,726</u>	<u>151,979</u>	<u>937,308</u>	<u>4,212</u>	<u>-</u>	<u>945,195</u>	<u>5,405,764</u>
Disbursements:							
Personal services	-	-	351,193	-	-	-	-
Supplies	-	-	38,846	-	-	-	-
Other services and charges	2,169	197,446	133,613	-	-	720,072	3,931,553
Debt service - principal and interest	-	-	441,000	-	-	44,978	1,510,563
Capital outlay	-	-	-	-	-	62,972	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>2,169</u>	<u>197,446</u>	<u>964,652</u>	<u>-</u>	<u>-</u>	<u>828,022</u>	<u>5,442,116</u>
Excess (deficiency) of receipts over disbursements	<u>21,557</u>	<u>(45,467)</u>	<u>(27,344)</u>	<u>4,212</u>	<u>-</u>	<u>117,173</u>	<u>(36,352)</u>
Cash and investments - ending	\$ <u>56,337</u>	\$ <u>101,742</u>	\$ <u>12</u>	\$ <u>37,858</u>	\$ <u>10,407</u>	\$ <u>67,464</u>	\$ <u>2,597,176</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	1925 Police Pension	1937 Fire Pension	County Share Clerk's Fees	Wastewater Bond Reserves
Cash and investments - beginning	\$ 95,039	\$ 233,125	\$ (9,216)	\$ (43,470)	\$ 8,494	\$ -
Receipts:						
Taxes	-	233,918	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	75,226	14,358	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	6,836	-
Utility fees	-	-	-	-	-	-
Other receipts	-	315,413	1,054,028	1,391,199	-	608,513
Total receipts	<u>75,226</u>	<u>563,689</u>	<u>1,054,028</u>	<u>1,391,199</u>	<u>6,836</u>	<u>608,513</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	6,000	968,205	1,361,156	-	-
Debt service - principal and interest	-	357,515	-	-	-	-
Capital outlay	113,689	275,948	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	10,054	-
Total disbursements	<u>113,689</u>	<u>639,463</u>	<u>968,205</u>	<u>1,361,156</u>	<u>10,054</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(38,463)</u>	<u>(75,774)</u>	<u>85,823</u>	<u>30,043</u>	<u>(3,218)</u>	<u>608,513</u>
Cash and investments - ending	<u>\$ 56,576</u>	<u>\$ 157,351</u>	<u>\$ 76,607</u>	<u>\$ (13,427)</u>	<u>\$ 5,276</u>	<u>\$ 608,513</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	City Clerk Checking Account	Donation	Animal Control Non Reverting	Reduce Drunk Driving	Fire Department Donations	Police Department Donations
Cash and investments - beginning	\$ 94,157	\$ 14,200	\$ (209,423)	\$ 573	\$ 9,946	\$ 332
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	13,393	-	9,345
Charges for services	-	-	-	-	2,513	-
Fines and forfeits	394,264	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	352,619	-	3,681	24,610
Total receipts	<u>394,264</u>	<u>-</u>	<u>352,619</u>	<u>13,393</u>	<u>6,194</u>	<u>33,955</u>
Disbursements:						
Personal services	-	-	-	15,328	-	-
Supplies	-	-	33,311	-	-	19,637
Other services and charges	-	13,700	101,564	-	248	3,185
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	3,493	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	356,434	-	-	-	-	-
Total disbursements	<u>356,434</u>	<u>13,700</u>	<u>134,875</u>	<u>15,328</u>	<u>3,741</u>	<u>22,822</u>
Excess (deficiency) of receipts over disbursements	<u>37,830</u>	<u>(13,700)</u>	<u>217,744</u>	<u>(1,935)</u>	<u>2,453</u>	<u>11,133</u>
Cash and investments - ending	<u>\$ 131,987</u>	<u>\$ 500</u>	<u>\$ 8,321</u>	<u>\$ (1,362)</u>	<u>\$ 12,399</u>	<u>\$ 11,465</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Environmental Public Nuisance	Signal Preemption Grant -engineering	Victim's Advocacy Grant	Group Gasoline	Public Works Scrapping	Supplement Adult Probation
Cash and investments - beginning	\$ 921	\$ -	\$ (10,833)	\$ 17,296	\$ 3,142	\$ 3,013
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	20,633	32,455	-	-	-
Charges for services	8,318	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	297,378	-	-
Total receipts	8,318	20,633	32,455	297,378	-	-
Disbursements:						
Personal services	-	-	35,442	-	-	-
Supplies	-	-	-	269,694	-	624
Other services and charges	3,914	20,633	-	-	-	1,133
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	994	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	4,908	20,633	35,442	269,694	-	1,757
Excess (deficiency) of receipts over disbursements	3,410	-	(2,987)	27,684	-	(1,757)
Cash and investments - ending	\$ 4,331	\$ -	\$ (13,820)	\$ 44,980	\$ 3,142	\$ 1,256

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Neighborhood Association Contributions	PR - Allstate Cancer PT	IIRF	City Bond and Interest	Park Bond	Park District Refunding Bond Series 2014
Cash and investments - beginning	\$ 135	\$ -	\$ 81,641	\$ 79,969	\$ 152,595	\$ 771
Receipts:						
Taxes	-	-	-	199,164	681,269	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	10,301	35,240	-
Charges for services	-	-	3,500	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	50	694	4,242	159,500	539,500	-
Total receipts	<u>50</u>	<u>694</u>	<u>7,742</u>	<u>368,965</u>	<u>1,256,009</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	148	-	-	-	750	-
Debt service - principal and interest	-	-	-	361,671	965,015	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	694	2,102	-	-	-
Total disbursements	<u>148</u>	<u>694</u>	<u>2,102</u>	<u>361,671</u>	<u>965,765</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(98)</u>	<u>-</u>	<u>5,640</u>	<u>7,294</u>	<u>290,244</u>	<u>-</u>
Cash and investments - ending	\$ <u>37</u>	\$ <u>-</u>	\$ <u>87,281</u>	\$ <u>87,263</u>	\$ <u>442,839</u>	\$ <u>771</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	COIT Refunding Bond 2014	Industrial Development CREED	Airport Capital Improvement	Justice Assistance Grant	Special Projects	COPS Grant
Cash and investments - beginning	\$ 12,203	\$ 1,820,747	\$ 228,535	\$ 331	\$ -	\$ 54,150
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	1,747,652	96,172	-	-	-
Charges for services	-	-	82,031	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	109,778	-	75,000	-
Total receipts	-	1,747,652	287,981	-	75,000	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,169,606	-	-	16,842	-
Debt service - principal and interest	-	727,412	-	-	-	-
Capital outlay	-	-	344,464	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	1,897,018	344,464	-	16,842	-
Excess (deficiency) of receipts over disbursements	-	(149,366)	(56,483)	-	58,158	-
Cash and investments - ending	\$ 12,203	\$ 1,671,381	\$ 172,052	\$ 331	\$ 58,158	\$ 54,150

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Insurance Reserve	Excess Levy Fund	Court Cost Due County	PR - Net	10PR - Federal	PR - FICA
Cash and investments - beginning	\$ (3,355,064)	\$ -	\$ 10,548	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	3,264	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	19,326	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,323,996	-	-	38,621	1,308,738	427,803
Total receipts	<u>4,323,996</u>	<u>3,264</u>	<u>19,326</u>	<u>38,621</u>	<u>1,308,738</u>	<u>427,803</u>
Disbursements:						
Personal services	3,848,612	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,330,957	-	-	-	-	-
Debt service - principal and interest	47,570	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	18,055	38,621	1,308,738	427,803
Total disbursements	<u>5,227,139</u>	<u>-</u>	<u>18,055</u>	<u>38,621</u>	<u>1,308,738</u>	<u>427,803</u>
Excess (deficiency) of receipts over disbursements	<u>(903,143)</u>	<u>3,264</u>	<u>1,271</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ (4,258,207)</u>	<u>\$ 3,264</u>	<u>\$ 11,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PR - Medicare	PR - State	PR - County	PR - Civil PERF	PR - Voluntary PERF	PR - Direct Deposit
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	<u>277,878</u>	<u>401,088</u>	<u>210,688</u>	<u>5,082</u>	<u>95,452</u>	<u>8,793,779</u>
Total receipts	<u>277,878</u>	<u>401,088</u>	<u>210,688</u>	<u>5,082</u>	<u>95,452</u>	<u>8,793,779</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	<u>277,878</u>	<u>401,088</u>	<u>210,688</u>	<u>5,082</u>	<u>95,452</u>	<u>8,793,779</u>
Total disbursements	<u>277,878</u>	<u>401,088</u>	<u>210,688</u>	<u>5,082</u>	<u>95,452</u>	<u>8,793,779</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PR - Aflac Accident PT	PR - Aflac Cancer PT	PR - Aflac PRP PT	PR - Aflac Dental Employee	PR - Aflac Disability	PR - Aflac Life Insurance
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	7,590	3,233	1,294	109,045	5,950	2,319
Total receipts	<u>7,590</u>	<u>3,233</u>	<u>1,294</u>	<u>109,045</u>	<u>5,950</u>	<u>2,319</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	7,590	3,233	1,294	109,045	5,950	2,319
Total disbursements	<u>7,590</u>	<u>3,233</u>	<u>1,294</u>	<u>109,045</u>	<u>5,950</u>	<u>2,319</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PR - Allstate Dental	PR - Allstate Life	PR - Flex Reimbursement	PR - Cincinnati Life Insurance	PR - Transamerica	PR - Fire Union Dues
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	236	1,448	71,176	2,446	1,795	27,643
Total receipts	<u>236</u>	<u>1,448</u>	<u>71,176</u>	<u>2,446</u>	<u>1,795</u>	<u>27,643</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	236	1,448	71,176	2,446	1,795	27,643
Total disbursements	<u>236</u>	<u>1,448</u>	<u>71,176</u>	<u>2,446</u>	<u>1,795</u>	<u>27,643</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	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 receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	19,015	5,408	6,991	19,160	4,822	4,366
Total receipts	<u>19,015</u>	<u>5,408</u>	<u>6,991</u>	<u>19,160</u>	<u>4,822</u>	<u>4,366</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	19,015	5,408	6,991	19,160	4,822	4,366
Total disbursements	<u>19,015</u>	<u>5,408</u>	<u>6,991</u>	<u>19,160</u>	<u>4,822</u>	<u>4,366</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PR - United Way	PR - Credit Union	PR - Child Support Fee	PR - Miscellaneous Fees	PR - Child Support	PR - Garnishment
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,488	512,970	744	283	125,847	10,132
Total receipts	<u>2,488</u>	<u>512,970</u>	<u>744</u>	<u>283</u>	<u>125,847</u>	<u>10,132</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,488	512,970	744	283	125,847	10,132
Total disbursements	<u>2,488</u>	<u>512,970</u>	<u>744</u>	<u>283</u>	<u>125,847</u>	<u>10,132</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	PR - Delinquent County Taxes	State Annual Child Support Fee	City of Marion- Vehicles	City of Marion - Cell Phones	Grange Life Insurance	OneAmerica
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,388	605	30,340	1,210	14,800	75,814
Total receipts	<u>2,388</u>	<u>605</u>	<u>30,340</u>	<u>1,210</u>	<u>14,800</u>	<u>75,814</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,388	605	30,340	1,210	14,800	75,814
Total disbursements	<u>2,388</u>	<u>605</u>	<u>30,340</u>	<u>1,210</u>	<u>14,800</u>	<u>75,814</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Monumental Life	Premiere Credit	IRS Levy MC	Liberty National	Donald Aikman	CAIC Accident
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,081	3,156	6,000	38,013	2,520	13,798
Total receipts	<u>2,081</u>	<u>3,156</u>	<u>6,000</u>	<u>38,013</u>	<u>2,520</u>	<u>13,798</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	2,081	3,156	6,000	38,013	2,520	13,798
Total disbursements	<u>2,081</u>	<u>3,156</u>	<u>6,000</u>	<u>38,013</u>	<u>2,520</u>	<u>13,798</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	CAIC Critical Illness	Allstate: Critical Illness	City of Marion Health Insurance	Employee Aircards	US Department of Education	Petty Cash
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	13,002	362	275,100	2,490	5,781	200
Total receipts	<u>13,002</u>	<u>362</u>	<u>275,100</u>	<u>2,490</u>	<u>5,781</u>	<u>200</u>
Disbursements:						
Personal services	-	362	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	13,002	-	275,100	2,490	5,781	-
Total disbursements	<u>13,002</u>	<u>362</u>	<u>275,100</u>	<u>2,490</u>	<u>5,781</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	200
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Cash Change	Storm Water Operating	Storm Water Depreciation	Storm Water Depreciation Equipment Reserve	Storm Water Bond Reserve	Storm Water Construction
Cash and investments - beginning	\$ -	\$ 216,159	\$ 120,776	\$ 232,232	\$ 429,920	\$ 552,451
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,014,812	-	-	-	-
Other receipts	2,450	-	58,236	73,236	-	439,473
Total receipts	<u>2,450</u>	<u>1,014,812</u>	<u>58,236</u>	<u>73,236</u>	<u>-</u>	<u>439,473</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,500	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,042,630	171,910	192,280	-	437,920
Total disbursements	<u>1,500</u>	<u>1,042,630</u>	<u>171,910</u>	<u>192,280</u>	<u>-</u>	<u>437,920</u>
Excess (deficiency) of receipts over disbursements	<u>950</u>	<u>(27,818)</u>	<u>(113,674)</u>	<u>(119,044)</u>	<u>-</u>	<u>1,553</u>
Cash and investments - ending	<u>\$ 950</u>	<u>\$ 188,341</u>	<u>\$ 7,102</u>	<u>\$ 113,188</u>	<u>\$ 429,920</u>	<u>\$ 554,004</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Storm Water Bond and Interest	Wastewater Operation	Wastewater Customer Deposit	Wastewater Depreciation	WW Bond & Interest	Wastewater Bond and Interest - LTCP
Cash and investments - beginning	\$ 234,037	\$ 200,380	\$ 240,520	\$ 663,447	\$ -	\$ 887,491
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	3,092,668	-	-	-	1,577,600
Other receipts	366,181	-	60,663	859,516	8,150,902	386,150
Total receipts	<u>366,181</u>	<u>3,092,668</u>	<u>60,663</u>	<u>859,516</u>	<u>8,150,902</u>	<u>1,963,750</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	139,427
Other disbursements	389,959	3,009,306	68,417	937,261	1,784,326	523,851
Total disbursements	<u>389,959</u>	<u>3,009,306</u>	<u>68,417</u>	<u>937,261</u>	<u>1,784,326</u>	<u>663,278</u>
Excess (deficiency) of receipts over disbursements	<u>(23,778)</u>	<u>83,362</u>	<u>(7,754)</u>	<u>(77,745)</u>	<u>6,366,576</u>	<u>1,300,472</u>
Cash and investments - ending	<u>\$ 210,259</u>	<u>\$ 283,742</u>	<u>\$ 232,766</u>	<u>\$ 585,702</u>	<u>\$ 6,366,576</u>	<u>\$ 2,187,963</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Wastewater Construction	Wastewater H2O Community	Water Operating	Water Consumer Deposits	Water Depreciation	Water Quail Hollow
Cash and investments - beginning	\$ 524,064	\$ -	\$ 177,989	\$ 263,247	\$ 566,667	\$ 21,700
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	3,681,888	-	-	-
Other receipts	507,050	3,634	-	69,423	932,809	-
Total receipts	<u>507,050</u>	<u>3,634</u>	<u>3,681,888</u>	<u>69,423</u>	<u>932,809</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	454,559	1,500	3,406,660	69,719	1,108,985	-
Total disbursements	<u>454,559</u>	<u>1,500</u>	<u>3,406,660</u>	<u>69,719</u>	<u>1,108,985</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>52,491</u>	<u>2,134</u>	<u>275,228</u>	<u>(296)</u>	<u>(176,176)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 576,555</u>	<u>\$ 2,134</u>	<u>\$ 453,217</u>	<u>\$ 262,951</u>	<u>\$ 390,491</u>	<u>\$ 21,700</u>

CITY OF MARION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2015  
 (Continued)

	Water Construction	Water H2O Community	Solid Waste Operating Fund	Solid Waste Customer Deposits	City Probation Checking Acct	Totals
Cash and investments - beginning	\$ 243,654	\$ 1,050	\$ 44,167	\$ -	\$ -	\$ 8,539,786
Receipts:						
Taxes	-	-	-	-	-	20,076,227
Licenses and permits	-	-	-	-	-	89,352
Intergovernmental receipts	-	-	-	-	-	10,408,782
Charges for services	-	-	1,433,565	-	-	3,270,929
Fines and forfeits	-	-	-	-	33,186	517,319
Utility fees	-	-	-	-	-	9,366,968
Other receipts	215,418	-	200,000	50,382	-	47,927,445
Total receipts	<u>215,418</u>	<u>-</u>	<u>1,633,565</u>	<u>50,382</u>	<u>33,186</u>	<u>91,657,022</u>
Disbursements:						
Personal services	-	-	-	-	-	20,419,647
Supplies	-	-	-	-	-	1,484,289
Other services and charges	-	-	-	-	-	15,164,773
Debt service - principal and interest	-	-	-	-	-	16,775,224
Capital outlay	-	-	1,145,269	-	-	2,282,060
Utility operating expenses	-	-	-	-	-	139,427
Other disbursements	102,964	1,050	92,486	15,520	33,186	27,467,002
Total disbursements	<u>102,964</u>	<u>1,050</u>	<u>1,237,755</u>	<u>15,520</u>	<u>33,186</u>	<u>83,732,422</u>
Excess (deficiency) of receipts over disbursements	<u>112,454</u>	<u>(1,050)</u>	<u>395,810</u>	<u>34,862</u>	<u>-</u>	<u>7,924,600</u>
Cash and investments - ending	<u>\$ 356,108</u>	<u>\$ -</u>	<u>\$ 439,977</u>	<u>\$ 34,862</u>	<u>\$ -</u>	<u>\$ 16,464,386</u>

CITY OF MARION  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ 14,094	\$ 401,351
Wastewater	90,335	455,497
Water	119,928	416,665
Governmental activities	261,065	-
Trash	<u>97,846</u>	<u>159,109</u>
Totals	<u>\$ 583,268</u>	<u>\$ 1,432,622</u>

CITY OF MARION  
SCHEDULE OF LEASES AND DEBT  
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
City of Marion	Heating and Cooling System	\$ 126,384	07/01/2014	07/01/2016
City of Marion	4 Freightliner Trucks	120,513	02/15/2014	02/15/2019
City of Marion	Ram Truck	<u>6,022</u>	03/02/2012	03/02/2026
Total of annual lease payments		<u>\$ 252,919</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Park District Refunding Bonds of 2014		\$ 3,620,000	\$ 386,488
General obligation bonds	Redevelopment District County Option Income Tax Revenue Refunding Bonds of 2014		4,355,000	434,050
General obligation bonds	Special Revenue Bonds of 2002 (Pennsylvania St)		265,000	140,200
General obligation bonds	Indiana Taxable Insurance Funding Notes of 2005		205,000	211,386
General obligation bonds	Redevelopment District Refunding Bonds Series 2011		3,515,000	734,461
Notes and loans payable	2015 Aviation Loan		225,000	26,372
Notes and loans payable	Taxable Tax Anticipation Warrants (Insurance Non-Reverting Fund) Series 2013		1,554,000	811,740
Notes and loans payable	2012 and 2013 Loan		<u>1,700,000</u>	<u>1,700,000</u>
Total governmental activities			<u>15,439,000</u>	<u>4,444,697</u>
Storm Water:				
Notes and loans payable	Municipal Utilities State Revolving Fund Loan of 1999		<u>1,120,506</u>	<u>378,971</u>
Wastewater:				
Revenue bonds	Sewage Revenue Bond 2015		<u>8,610,000</u>	<u>136,756</u>
Totals			<u>\$ 25,169,506</u>	<u>\$ 4,960,424</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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 *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.

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 the Uniform Guidance, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

  
Paul D. Joyce, CPA  
State Examiner

July 3, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF MARION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
<b>Department of Housing and Urban Development</b>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Owner Occupied Rehabilitation	Indiana Office of Community and Rural Affairs	14.228	HD-014-004	\$ -	\$ 82,589
Total - Department of Housing and Urban Development				-	82,589
<b>Department of Justice</b>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	D3-14-8557 D3-15-9732	-	8,077 24,378
Total - Crime Victim Assistance				-	32,455
Bulletproof Vest Partnership Program	Direct grant	16.607	FY 2012 FY 2014	-	2,827 6,518
Total - Bulletproof Vest Partnership Program				-	9,345
Total - Department of Justice				-	41,800
<b>Department of Transportation</b>					
Airport Improvement Program	Direct grant	20.106	3-18-0053-024-2015	-	95,924
Highway Planning and Construction Cluster Highway Planning and Construction Signal Preemption Grant Butler Avenue Adams Street	Indiana Department of Transportation	20.205	DES1383612 DES0900124 DES1173225	-	20,633 41,026 32,470
Total - Highway Planning and Construction Cluster				-	94,129
Formula Grants for Rural Areas Federal Transit Formula Grants Operating Assistance 2014 Federal Transit Formula Grants Operating Assistance 2015 Federal Transit Formula Grants Intercity Fare Rebate 2014 Federal Transit Formula Grants Intercity Fare Rebate 2015 Federal Transit Formula Grants Intercity Capital 2014 Federal Transit Formula Grants Intercity Capital 2015	Indiana Department of Transportation	20.509	14811692 15813637 14811570 15813719 14811136 15813712	-	124,672 397,175 1,420 2,541 2,400 7,200
Total - Formula Grants for Rural Areas				-	535,408
Federal Transit Cluster Bus and Bus Facilities Formula Program	Indiana Department of Transportation	20.526	A249-15-320527	-	86,281
Total - Federal Transit Cluster				-	86,281
Highway Safety Cluster State and Community Highway Safety	Grant County	20.600	D3-15-8930	-	12,509
Occupant Protection Incentive Grants	Grant County	20.602	D3-15-9001	-	884
Total - Highway Safety Cluster				-	13,393
Total - Department of Transportation				-	825,135
<b>Department of Homeland Security</b>					
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067	C44P-4-520B	-	6,325
Total - Department of Homeland Security				-	6,325
Total federal awards expended				\$ -	\$ 955,849

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
20.509	Formula Grants for Rural Areas	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

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). There were no segregation of duties over the preparation of the SEFA. One employee was responsible for preparing the SEFA without evidence of any compensating control. The City did not have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. During the audit of the SEFA, there were the following errors:

1. A Blight Elimination Program grant of \$803,368 was reported, but was not federal financial assistance.
2. The Bus and Bus Facilities Formula Program expenditures were understated by \$86,281.

CITY OF MARION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

3. The Crime Victim Assistance, Bulletproof Vest Partnership Program, Highway Planning and Construction, State and Community Highway Safety, and Occupant Protection Incentive Grants were reported with an incorrect program title or grant identifying number.

Audit adjustments were proposed, accepted by the City, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must be included.

CITY OF MARION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**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.



## CITY of MARION

Julie L. Flores  
Controller

765-382-3779 (O)  
765-668-4461 (F)

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2014-001**

Fiscal year in which finding initially occurred:  
Contact Person Responsible for Corrective Action:  
Contact Phone Number:

01/01/2014-12/31/2014  
Julie L. Flores  
765-382-3779

#### **Status of Audit Finding:**

The Controller's office has taken steps to implement internal control over the SEFA reporting by Deputy Controller gathering data to input on excel spreadsheet and Controller verifying data before entering into Gateway Annual Report.



Julie L. Flores  
Controller  
06/22/2017



## CITY of MARION

Julie L. Flores  
Controller

765-382-3779 (O)  
765-668-4461 (F)

### CORRECTIVE ACTION PLAN

#### FINDING 2015-001

Contact Person Responsible for Corrective Action Plan: Julie L. Flores  
Contact Phone Number: 765-382-3779

Views of Responsible Official:

Responsible Official agrees with finding.

Description of Corrective Action Plan:

After the SBOA 2015 audit, we realize more changes in the grant internal control policy should be made to ensure that the City has accurate reporting of Federal Awards, more specifically, titles and identifying numbers.

The action plan the City will take to accurately report information is as follows:

1. The Controller and his/her designee, will prepare and audit the SEFA report as grants and funds are awarded.
2. Grant award letters will be used to help identify the proper title and grant number.
3. When grant funds post to the City's bank account, receipts will be given to the respective departments with identifying information documented for the departments review.
4. During the submission of the Annual Report, the Controller will again review and check for proper accuracy of all documentation.

Anticipated Completion Date: Already completed

Julie L. Flores  
Controller  
06/22/17

#### 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/>.