

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, 2016 to December 31, 2016



FILED
12/06/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-40
Schedule of Payables and Receivables	41
Schedule of Leases and Debt	42
Schedule of Capital Assets.....	43
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	46-47
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	50
Notes to Schedule of Expenditures of Federal Awards	51
Schedule of Findings and Questioned Costs	52
Auditee-Prepared Document:	
Summary Schedule of Prior Audit Findings.....	54
Other Reports.....	55

SCHEDULE OF OFFICIALS

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



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, 2016, 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 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, 2016.

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, 2016, 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, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 November 8, 2018, 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 solely 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 effectiveness of the City's 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

November 8, 2018



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 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, 2016, and the related notes to the financial statement, and have issued our report thereon dated November 8, 2018, 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

November 8, 2018

(This page intentionally left blank.)

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, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
Reimbursable Fire Grant	\$ 150	\$ -	\$ -	\$ 150
General	275,733	24,047,318	23,314,711	1,008,340
Motor Vehicle Highway	7,897	2,450,971	2,259,873	198,995
Local Road and Street	64,401	239,577	288,223	15,755
Aviation	121	447,644	426,541	21,224
Park Non Reverting	2,544	595,807	504,563	93,788
Employees Flex Spend	55,942	126,371	123,211	59,102
Marion Economic Dev Comm	16,786	125	-	16,911
Blight Elimination Program	-	417,977	417,977	-
Parking Enforcement	16,777	11,183	2,421	25,539
INDOT In Dept of Trans	15,153	169,768	170,756	14,165
Abandoned Vehicles	1,742	11,203	6,694	6,251
Owner Occupied Rehabilitation	-	161,618	161,618	-
Local Law Continuing Ed	56,337	47,452	5,370	98,419
Unsafe Building	101,743	121,804	207,513	16,034
Parks and Recreation	14	929,303	862,206	67,111
User Fee	37,858	4,540	-	42,398
Rainy Day	10,407	409,400	2,787	417,020
Fire Dept Canine	-	2,450	1,624	826
CEDIT	67,463	1,021,075	820,800	267,738
TIF Allocation	2,597,175	5,553,173	6,207,969	1,942,379
CCI	56,576	76,334	126,541	6,369
Cumulative Capital Dev	157,351	325,852	475,083	8,120
1925 Police Pension	76,607	979,844	1,009,485	46,966
1937 Fire Pension	(13,426)	1,343,778	1,411,956	(81,604)
County Share Clerk's Fees	5,276	5,448	9,560	1,164
LOIT Special Distribution (2016)	-	1,228,201	-	1,228,201
Wastewater Bond Reserves	608,513	-	-	608,513
City Clerk Checking Acct	131,987	389,482	389,281	132,188
Donation	500	-	-	500
Animal Control Non Revert	8,321	148,218	93,980	62,559
Reduce Drunk Driving	(1,362)	19,069	22,794	(5,087)
Fire Department Donations	12,400	6,897	5,034	14,263
Police Dept Donations	11,465	22,786	18,514	15,737
Environmental Public Nus	4,332	3,971	2,397	5,906
Signal Preemption Grant -engineering	-	24,368	9,193	15,175
Victim's Advocacy Grant	(13,820)	65,213	38,440	12,953
Group Gasoline	44,980	268,689	214,048	99,621
Public Works Scrapping	3,142	-	-	3,142
Supplement Adt Probation	1,257	-	200	1,057
Neighborhood Assoc Cont	37	-	-	37
PR - Allstate Cancer PT	-	709	709	-
IIRF	87,279	9,014	2,492	93,801
City Bond and Interest	87,263	229,225	316,488	-
Park Bond	442,840	389,181	478,326	353,695
Park District Refunding Bond Series 2014	771	-	-	771
COIT Refunding Bond 2014	12,203	-	-	12,203
Debt Service Bond Series B	-	686,000	105,000	581,000
Industrial Dev CREED	1,671,380	1,545,921	1,325,474	1,891,827
Airport Capital Improve	172,052	776,639	721,802	226,889
Justice Assistance Grant	331	-	-	331
Special Projects	58,158	-	2,915	55,243
COPS Grant	54,150	-	-	54,150
Insurance Series A 2016	-	1,950,200	1,675,000	275,200
Insurance Reserve	(4,258,206)	5,639,092	4,362,587	(2,981,701)
Excess Levy	3,264	-	-	3,264
Court Cost Due County	11,818	22,186	22,716	11,288
PR - Net	-	21,839	21,839	-
10PR - Federal	-	1,379,429	1,379,429	-
PR - FICA	-	433,714	433,714	-
PR - Medicare	-	282,822	282,822	-
PR - State	-	408,462	408,462	-
PR - County	-	214,420	214,420	-
PR - Civil PERF	-	4,879	4,879	-
PR - Voluntary PERF	-	100,862	100,862	-
PR - Direct Deposit	-	9,038,526	9,039,741	(1,215)
PR - Aflac Accident PT	-	7,457	7,457	-

CITY OF MARION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
PR - Aflac Cancer PT	-	3,216	3,216	-
PR - Aflac PRP PT	-	887	887	-
PR - Aflac Dental Employee	-	112,844	112,844	-
PR - Aflac Disability	-	6,563	6,563	-
PR - Aflac Life Ins	-	1,382	1,382	-
PR - Allstate Dental	-	236	236	-
PR - Allstate Life	-	749	749	-
PR - Flex Reimbursement	-	89,461	89,461	-
PR - Cincinnati Life Ins	-	2,110	2,110	-
PR - Transamerica	-	1,415	1,415	-
PR - Fire Union Dues	-	26,393	26,393	-
PR - Police Union Dues	-	19,583	19,583	-
PR - Transportation Union	-	5,583	5,583	-
PR - Street Union Dues	-	6,208	6,208	-
PR - YMCA Dues	-	20,519	20,519	-
PR - Chaplaincy Program	-	5,246	5,246	-
PR - Firefighters PAC	-	3,778	3,778	-
PR - United Way	-	2,007	2,007	-
PR - Credit Union	-	444,709	444,709	-
PR - Child Support Fee	-	646	646	-
PR - Misc Fees	-	123	123	-
PR - Child Support	-	102,758	102,758	-
PR - Garnishment	-	11,656	11,656	-
PR - Delinquent Co Taxes	-	882	882	-
State An Child Sup Fee	-	330	330	-
COM-Vehicles	-	29,660	29,660	-
COM-Cell Phones	-	215	215	-
Grange Life Insurance	-	13,517	13,517	-
OneAmerica	-	71,106	71,106	-
Monumental Life	-	1,804	1,804	-
IRS Levy MC	-	3,000	3,000	-
Liberty National	-	42,039	42,039	-
CAIC Accident	-	14,051	13,521	530
CAIC Critical Illness	-	11,840	11,393	447
Allstate: Critical Illness	-	362	362	-
City of Marion Health Ins	-	256,281	256,281	-
Employee Aircards	-	1,350	1,350	-
US Department of Education	-	127	127	-
Petty Cash	200	-	-	200
Cash Change	950	-	750	200
Storm Water Operating	188,341	1,271,415	1,077,307	382,449
Storm Water Depreciation	7,101	140,598	112,968	34,731
Storm Water Depr Equip Res	113,188	98,205	67,138	144,255
Storm Water Bond Reserve	429,920	-	-	429,920
Storm Water Construction	554,004	439,903	554,990	438,917
Storm Water Bond and Interest	210,258	366,586	389,959	186,885
Wastewater Operation	283,742	3,210,166	3,068,015	425,893
Wastewater Customer Dep	232,766	56,174	56,734	232,206
Wastewater Depreciation	585,703	485,065	850,273	220,495
Wastewater Bond and Interest	6,366,576	991,928	5,861,939	1,496,565
Wastewater Long Term Control Plan	2,187,962	2,069,827	1,224,030	3,033,759
Wastewater Construction	576,555	639,391	693,758	522,188
Water Operating	453,217	3,579,782	3,643,779	389,220
Water Consumer Deposit	262,952	64,913	56,225	271,640
Water Depreciation	390,491	927,294	445,383	872,402
Water Quail Hollow	21,700	-	-	21,700
Water Construction	356,108	414,853	339,852	431,109
Wastewater H2O Community	2,134	1,897	4,024	7
Solid Waste Operating	439,977	1,411,481	1,470,568	380,890
Solid Waste Customer Deposits	34,861	36,064	23,807	47,118
Solid Waste Clearing - City	-	179,379	-	179,379
Totals	<u>\$ 16,464,388</u>	<u>\$ 82,517,043</u>	<u>\$ 81,773,655</u>	<u>\$ 17,207,776</u>

The notes to the financial statement are 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, solid waste, 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.

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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. 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 are recognized on a pay-as-you-go basis. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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, 2016

	Reimbursable Fire Grant	General	Motor Vehicle Highway	Local Road and Street	Aviation	Park Non Reverting	Employees Flex Spend
Cash and investments - beginning	\$ 150	\$ 275,733	\$ 7,897	\$ 64,401	\$ 121	\$ 2,544	\$ 55,942
Receipts:							
Taxes	-	12,345,950	966,477	-	305,906	-	-
Licenses and permits	-	92,607	4,550	-	-	-	-
Intergovernmental receipts	-	5,244,599	1,120,067	239,577	18,537	-	-
Charges for services	-	1,030,656	-	-	-	595,579	-
Fines and forfeits	-	66,123	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	5,267,383	359,877	-	123,201	228	126,371
Total receipts	-	24,047,318	2,450,971	239,577	447,644	595,807	126,371
Disbursements:							
Personal services	-	14,832,751	1,156,939	-	-	140,088	-
Supplies	-	433,299	353,430	-	2,150	276,026	-
Other services and charges	-	2,769,238	266,160	288,223	279,071	88,449	-
Debt service - principal and interest	-	5,071,926	362,831	-	124,320	-	-
Capital outlay	-	203,540	120,513	-	21,000	-	-
Other disbursements	-	3,957	-	-	-	-	123,211
Total disbursements	-	23,314,711	2,259,873	288,223	426,541	504,563	123,211
Excess (deficiency) of receipts over disbursements	-	732,607	191,098	(48,646)	21,103	91,244	3,160
Cash and investments - ending	\$ 150	\$ 1,008,340	\$ 198,995	\$ 15,755	\$ 21,224	\$ 93,788	\$ 59,102

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Marion Economic Dev Comm	Blight Elimination Program	Parking Enforcement	INDOT In Dept of Trans	Abandoned Vehicles	Owner Occupied Rehabilitation	Local Law Continuing Ed
Cash and investments - beginning	\$ 16,786	\$ -	\$ 16,777	\$ 15,153	\$ 1,742	\$ -	\$ 56,337
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	16,440
Intergovernmental receipts	-	417,977	-	169,768	-	161,618	-
Charges for services	-	-	11,183	-	11,203	-	5,959
Fines and forfeits	125	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	25,053
Total receipts	125	417,977	11,183	169,768	11,203	161,618	47,452
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	417,977	2,421	13,859	6,694	161,618	5,370
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	156,897	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	417,977	2,421	170,756	6,694	161,618	5,370
Excess (deficiency) of receipts over disbursements	125	-	8,762	(988)	4,509	-	42,082
Cash and investments - ending	\$ 16,911	\$ -	\$ 25,539	\$ 14,165	\$ 6,251	\$ -	\$ 98,419

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Unsafe Building	Parks and Recreation	User Fee	Rainy Day	Fire Dept Canine	CEDIT	TIF Allocation
Cash and investments - beginning	\$ 101,743	\$ 14	\$ 37,858	\$ 10,407	\$ -	\$ 67,463	\$ 2,597,175
Receipts:							
Taxes	-	587,296	-	-	-	-	5,553,173
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	36,654	-	-	-	1,021,075	-
Charges for services	-	-	4,540	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	121,804	305,353	-	409,400	2,450	-	-
Total receipts	121,804	929,303	4,540	409,400	2,450	1,021,075	5,553,173
Disbursements:							
Personal services	-	359,549	-	-	-	-	-
Supplies	-	47,772	-	-	-	-	-
Other services and charges	207,513	146,837	-	2,787	-	820,800	3,935,814
Debt service - principal and interest	-	308,048	-	-	-	-	2,272,155
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,624	-	-
Total disbursements	207,513	862,206	-	2,787	1,624	820,800	6,207,969
Excess (deficiency) of receipts over disbursements	(85,709)	67,097	4,540	406,613	826	200,275	(654,796)
Cash and investments - ending	\$ 16,034	\$ 67,111	\$ 42,398	\$ 417,020	\$ 826	\$ 267,738	\$ 1,942,379

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CCI	Cumulative Capital Dev	1925 Police Pension	1937 Fire Pension	County Share Clerk's Fees	LOIT Special Distribution (2016)
Cash and investments - beginning	\$ 56,576	\$ 157,351	\$ 76,607	\$ (13,426)	\$ 5,276	\$ -
Receipts:						
Taxes	-	226,128	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	76,334	14,851	-	-	-	1,228,201
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	5,448	-
Utility fees	-	-	-	-	-	-
Other receipts	-	84,873	979,844	1,343,778	-	-
Total receipts	76,334	325,852	979,844	1,343,778	5,448	1,228,201
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	59,076	1,009,485	1,411,956	-	-
Debt service - principal and interest	-	226,014	-	-	-	-
Capital outlay	126,541	189,993	-	-	-	-
Other disbursements	-	-	-	-	9,560	-
Total disbursements	126,541	475,083	1,009,485	1,411,956	9,560	-
Excess (deficiency) of receipts over disbursements	(50,207)	(149,231)	(29,641)	(68,178)	(4,112)	1,228,201
Cash and investments - ending	\$ 6,369	\$ 8,120	\$ 46,966	\$ (81,604)	\$ 1,164	\$ 1,228,201

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Wastewater Bond Reserves	City Clerk Checking Acct	Donation	Animal Control Non Revert	Reduce Drunk Driving	Fire Department Donations
Cash and investments - beginning	\$ 608,513	\$ 131,987	\$ 500	\$ 8,321	\$ (1,362)	\$ 12,400
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	19,069	-
Charges for services	-	-	-	-	-	3,788
Fines and forfeits	-	389,482	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	148,218	-	3,109
Total receipts	-	389,482	-	148,218	19,069	6,897
Disbursements:						
Personal services	-	-	-	-	22,794	-
Supplies	-	-	-	29,906	-	-
Other services and charges	-	-	-	64,074	-	2,749
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,285
Other disbursements	-	389,281	-	-	-	-
Total disbursements	-	389,281	-	93,980	22,794	5,034
Excess (deficiency) of receipts over disbursements	-	201	-	54,238	(3,725)	1,863
Cash and investments - ending	\$ 608,513	\$ 132,188	\$ 500	\$ 62,559	\$ (5,087)	\$ 14,263

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Police Dept Donations	Environmental Public Nus	Signal Preemption Grant -engineering	Victim's Advocacy Grant	Group Gasoline	Public Works Scrapping
Cash and investments - beginning	\$ 11,465	\$ 4,332	\$ -	\$ (13,820)	\$ 44,980	\$ 3,142
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	18,298	-	24,368	65,213	-	-
Charges for services	-	3,971	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,488	-	-	-	268,689	-
Total receipts	22,786	3,971	24,368	65,213	268,689	-
Disbursements:						
Personal services	-	-	-	35,450	-	-
Supplies	18,514	-	-	2,990	214,048	-
Other services and charges	-	2,397	9,193	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	18,514	2,397	9,193	38,440	214,048	-
Excess (deficiency) of receipts over disbursements	4,272	1,574	15,175	26,773	54,641	-
Cash and investments - ending	\$ 15,737	\$ 5,906	\$ 15,175	\$ 12,953	\$ 99,621	\$ 3,142

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Supplement Adt Probation	Neighborhood Assoc Cont	PR - Allstate Cancer PT	IIRF	City Bond and Interest	Park Bond
Cash and investments - beginning	\$ 1,257	\$ 37	\$ -	\$ 87,279	\$ 87,263	\$ 442,840
Receipts:						
Taxes	-	-	-	-	113,582	278,432
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	7,218	19,918
Charges for services	-	-	-	7,063	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	709	1,951	108,425	90,831
Total receipts	-	-	709	9,014	229,225	389,181
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	200	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	316,488	478,326
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	709	2,492	-	-
Total disbursements	200	-	709	2,492	316,488	478,326
Excess (deficiency) of receipts over disbursements	(200)	-	-	6,522	(87,263)	(89,145)
Cash and investments - ending	\$ 1,057	\$ 37	\$ -	\$ 93,801	\$ -	\$ 353,695

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Park District Refunding Bond Series 2014	COIT Refunding Bond 2014	Debt Service Bond Series B	Industrial Dev CREED	Airport Capital Improve	Justice Assistance Grant
Cash and investments - beginning	\$ 771	\$ 12,203	\$ -	\$ 1,671,380	\$ 172,052	\$ 331
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	1,545,921	657,901	-
Charges for services	-	-	-	-	108,403	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	686,000	-	10,335	-
Total receipts	-	-	686,000	1,545,921	776,639	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	588,438	-	-
Debt service - principal and interest	-	-	-	737,036	-	-
Capital outlay	-	-	-	-	721,802	-
Other disbursements	-	-	105,000	-	-	-
Total disbursements	-	-	105,000	1,325,474	721,802	-
Excess (deficiency) of receipts over disbursements	-	-	581,000	220,447	54,837	-
Cash and investments - ending	\$ 771	\$ 12,203	\$ 581,000	\$ 1,891,827	\$ 226,889	\$ 331

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Special Projects	COPS Grant	Insurance Series A 2016	Insurance Reserve	Excess Levy	Court Cost Due County
Cash and investments - beginning	\$ 58,158	\$ 54,150	\$ -	\$ (4,258,206)	\$ 3,264	\$ 11,818
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	22,186
Utility fees	-	-	-	-	-	-
Other receipts	-	-	1,950,200	5,639,092	-	-
Total receipts	-	-	1,950,200	5,639,092	-	22,186
Disbursements:						
Personal services	-	-	-	3,346,408	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,915	-	-	1,016,179	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	1,675,000	-	-	22,716
Total disbursements	2,915	-	1,675,000	4,362,587	-	22,716
Excess (deficiency) of receipts over disbursements	(2,915)	-	275,200	1,276,505	-	(530)
Cash and investments - ending	\$ 55,243	\$ 54,150	\$ 275,200	\$ (2,981,701)	\$ 3,264	\$ 11,288

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PR - Net	10PR - Federal	PR - FICA	PR - Medicare	PR - State	PR - County
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	21,839	1,379,429	433,714	282,822	408,462	214,420
Total receipts	21,839	1,379,429	433,714	282,822	408,462	214,420
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	21,839	1,379,429	433,714	282,822	408,462	214,420
Total disbursements	21,839	1,379,429	433,714	282,822	408,462	214,420
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, 2016

	PR - Civil PERF	PR - Voluntary PERF	PR - Direct Deposit	PR - Aflac Accident PT	PR - Aflac Cancer PT	PR - Aflac PRP PT
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,879	100,862	9,038,526	7,457	3,216	887
Total receipts	4,879	100,862	9,038,526	7,457	3,216	887
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	4,879	100,862	9,039,741	7,457	3,216	887
Total disbursements	4,879	100,862	9,039,741	7,457	3,216	887
Excess (deficiency) of receipts over disbursements	-	-	(1,215)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ (1,215)	\$ -	\$ -	\$ -

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	PR - Aflac Dental Employee	PR - Aflac Disability	PR - Aflac Life Ins	PR - Allstate Dental	PR - Allstate Life	PR - Flex Reimbursement
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	112,844	6,563	1,382	236	749	89,461
Total receipts	112,844	6,563	1,382	236	749	89,461
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	112,844	6,563	1,382	236	749	89,461
Total disbursements	112,844	6,563	1,382	236	749	89,461
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, 2016

	PR - Cincinnati Life Ins	PR - Transamerica	PR - Fire Union Dues	PR - Police Union Dues	PR - Transportation Union	PR - Street Union Dues
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	2,110	1,415	26,393	19,583	5,583	6,208
Total receipts	2,110	1,415	26,393	19,583	5,583	6,208
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,110	1,415	26,393	19,583	5,583	6,208
Total disbursements	2,110	1,415	26,393	19,583	5,583	6,208
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, 2016

	PR - YMCA Dues	PR - Chaplaincy Program	PR - Firefighters PAC	PR - United Way	PR - Credit Union	PR - Child Support Fee
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	20,519	5,246	3,778	2,007	444,709	646
Total receipts	20,519	5,246	3,778	2,007	444,709	646
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	20,519	5,246	3,778	2,007	444,709	646
Total disbursements	20,519	5,246	3,778	2,007	444,709	646
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, 2016

	PR - Misc Fees	PR - Child Support	PR - Garnishment	PR - Delinquent Co Taxes	State An Child Sup Fee	COM-Vehicles
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	123	102,758	11,656	882	330	29,660
Total receipts	123	102,758	11,656	882	330	29,660
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	123	102,758	11,656	882	330	29,660
Total disbursements	123	102,758	11,656	882	330	29,660
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, 2016

	COM-Cell Phones	Grange Life Insurance	OneAmerica	Monumental Life	IRS Levy MC	Liberty National
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	215	13,517	71,106	1,804	3,000	42,039
Total receipts	215	13,517	71,106	1,804	3,000	42,039
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	215	13,517	71,106	1,804	3,000	42,039
Total disbursements	215	13,517	71,106	1,804	3,000	42,039
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, 2016

	CAIC Accident	CAIC Critical Illness	Allstate: Critical Illness	City of Marion Health Ins	Employee Aircards	US Department of Education
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	14,051	11,840	362	256,281	1,350	127
Total receipts	14,051	11,840	362	256,281	1,350	127
Disbursements:						
Personal services	-	-	362	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	13,521	11,393	-	256,281	1,350	127
Total disbursements	13,521	11,393	362	256,281	1,350	127
Excess (deficiency) of receipts over disbursements	530	447	-	-	-	-
Cash and investments - ending	\$ 530	\$ 447	\$ -	\$ -	\$ -	\$ -

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Petty Cash	Cash Change	Storm Water Operating	Storm Water Depreciation	Storm Water Depr Equip Res	Storm Water Bond Reserve
Cash and investments - beginning	\$ 200	\$ 950	\$ 188,341	\$ 7,101	\$ 113,188	\$ 429,920
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	1,271,415	-	-	-
Other receipts	-	-	-	140,598	98,205	-
Total receipts	-	-	1,271,415	140,598	98,205	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	750	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	1,077,307	112,968	67,138	-
Total disbursements	-	750	1,077,307	112,968	67,138	-
Excess (deficiency) of receipts over disbursements	-	(750)	194,108	27,630	31,067	-
Cash and investments - ending	\$ 200	\$ 200	\$ 382,449	\$ 34,731	\$ 144,255	\$ 429,920

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Storm Water Construction	Storm Water Bond and Interest	Wastewater Operation	Wastewater Customer Dep	Wastewater Depreciation	Wastewater Bond and Interest
Cash and investments - beginning	\$ 554,004	\$ 210,258	\$ 283,742	\$ 232,766	\$ 585,703	\$ 6,366,576
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	3,210,166	-	-	-
Other receipts	439,903	366,586	-	56,174	485,065	991,928
Total receipts	439,903	366,586	3,210,166	56,174	485,065	991,928
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	554,990	389,959	3,068,015	56,734	850,273	5,861,939
Total disbursements	554,990	389,959	3,068,015	56,734	850,273	5,861,939
Excess (deficiency) of receipts over disbursements	(115,087)	(23,373)	142,151	(560)	(365,208)	(4,870,011)
Cash and investments - ending	\$ 438,917	\$ 186,885	\$ 425,893	\$ 232,206	\$ 220,495	\$ 1,496,565

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Wastewater Long Term Control Plan	Wastewater Construction	Water Operating	Water Consumer Deposit	Water Depreciation	Water Quail Hollow
Cash and investments - beginning	\$ 2,187,962	\$ 576,555	\$ 453,217	\$ 262,952	\$ 390,491	\$ 21,700
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	2,069,827	-	3,579,782	-	-	-
Other receipts	-	639,391	-	64,913	927,294	-
Total receipts	2,069,827	639,391	3,579,782	64,913	927,294	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,224,030	693,758	3,643,779	56,225	445,383	-
Total disbursements	1,224,030	693,758	3,643,779	56,225	445,383	-
Excess (deficiency) of receipts over disbursements	845,797	(54,367)	(63,997)	8,688	481,911	-
Cash and investments - ending	\$ 3,033,759	\$ 522,188	\$ 389,220	\$ 271,640	\$ 872,402	\$ 21,700

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Water Construction	Wastewater H2O Community	Solid Waste Operating	Solid Waste Customer Deposits	Solid Waste Clearing - City	Totals
Cash and investments - beginning	\$ 356,108	\$ 2,134	\$ 439,977	\$ 34,861	\$ -	\$ 16,464,388
Receipts:						
Taxes	-	-	-	-	-	20,376,944
Licenses and permits	-	-	-	-	-	113,597
Intergovernmental receipts	-	-	-	-	-	12,107,164
Charges for services	-	-	1,411,481	-	179,379	3,373,205
Fines and forfeits	-	-	-	-	-	483,364
Utility fees	-	-	-	-	-	10,131,190
Other receipts	414,853	1,897	-	36,064	-	35,931,579
Total receipts	414,853	1,897	1,411,481	36,064	179,379	82,517,043
Disbursements:						
Personal services	-	-	-	-	-	19,894,341
Supplies	-	-	-	-	-	1,378,335
Other services and charges	-	-	-	-	-	13,580,043
Debt service - principal and interest	-	-	-	-	-	9,897,144
Capital outlay	-	-	1,470,568	-	-	3,013,139
Other disbursements	339,852	4,024	-	23,807	-	34,010,653
Total disbursements	339,852	4,024	1,470,568	23,807	-	81,773,655
Excess (deficiency) of receipts over disbursements	75,001	(2,127)	(59,087)	12,257	179,379	743,388
Cash and investments - ending	\$ 431,109	\$ 7	\$ 380,890	\$ 47,118	\$ 179,379	\$ 17,207,776

CITY OF MARION
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Storm Water	\$ 13,141	\$ 426,583
Wastewater	117,621	344,670
Water	106,152	292,202
Trash	28,311	94,061
Governmental activities	<u>571,307</u>	<u>-</u>
Totals	<u>\$ 836,532</u>	<u>\$ 1,157,516</u>

CITY OF MARION
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
City of Marion	4 Freightliner Trucks	\$ 120,513	2/15/2014	2/15/2019
City of Marion	Heating and Cooling System	126,384	3/2/2011	3/2/2026
City of Marion	GMC Sierra	5,512	4/23/2016	4/23/2020
Total governmental activities		<u>252,409</u>		
City of Marion Municipal Utilities:				
Solid Waste Utility	Solid Waste Equipment	<u>238,861</u>	2/29/2016	3/1/2026
Total of annual lease payments		<u>\$ 491,270</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		\$ 3,340,000	\$ 387,767
General obligation bonds	Redevelopment District County Option Income Tax Revenue Refunding Bonds of 2014		4,235,000	432,850
General obligation bonds	Redevelopment District Refunding Bonds Series 2011		2,935,000	727,668
General obligation bonds	Special Revenue Bonds of 2002 (Pennsylvania St)		135,000	138,442
General obligation bonds	Taxable Bonds of 2016, Series A		1,990,000	168,133
General obligation bonds	Taxable Bonds of 2016, Series B		700,000	55,911
Notes and loans payable	Taxable Tax Anticipation Warrants (Insurance Non-Reverting Fund) Series 2013		795,000	819,252
Notes and loans payable	2015 Aviation Loan		206,748	26,372
Notes and loans payable	2012 and 2013 Loan		<u>1,700,000</u>	<u>1,700,000</u>
Total governmental activities			<u>16,036,748</u>	<u>4,456,395</u>
Storm Water:				
Notes and loans payable	Municipal Utilities State Revolving Fund Loan of 1999		<u>757,782</u>	<u>389,958</u>
Wastewater:				
Revenue bonds	Sewage Revenue Bond 2015		<u>8,610,000</u>	<u>471,756</u>
Totals			<u>\$ 25,404,530</u>	<u>\$ 5,318,109</u>

CITY OF MARION
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 2,944,521
Infrastructure	18,923,388
Buildings	8,043,176
Improvements other than buildings	1,576,492
Machinery, equipment, and vehicles	<u>12,202,595</u>
Total governmental activities	<u>43,690,172</u>
Storm Water:	
Infrastructure	16,460,783
Machinery, equipment, and vehicles	1,446,750
Construction in progress	<u>46,356</u>
Total Storm Water	<u>17,953,889</u>
Wastewater:	
Land	28,535
Infrastructure	28,568,936
Buildings	24,077,006
Machinery, equipment, and vehicles	5,674,596
Construction in progress	<u>1,263,506</u>
Total Wastewater	<u>59,612,579</u>
Water:	
Land	340,174
Infrastructure	36,645,676
Buildings	13,451,767
Machinery, equipment, and vehicles	2,562,774
Construction in progress	<u>108,568</u>
Total Water	<u>53,108,959</u>
Trash:	
Machinery, equipment and vehicles	<u>2,066,309</u>
Total capital assets	<u>\$ 176,431,908</u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each 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 each of its major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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 each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each 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 each of its major federal programs for the year ended December 31, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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

November 8, 2018

(This page intentionally left blank.)

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, 2016

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
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	\$ -	\$ 161,618
Total - Department of Housing and Urban Development				-	161,618
<u>Department of Justice</u>					
Crime Victim Assistance Victims Advocacy Grant Victims Advocacy Grant	Indiana Criminal Justice Institute	16.575	D3-16-10409 D3-16-10817	- -	33,298 1,915
Total - Crime Victim Assistance				-	35,213
Bulletproof Vest Partnership Program	Direct Grant	16.607	FY 2014 FY 2015	- -	3,666 1,032
Total - Bulletproof Vest Partnership Program				-	4,698
Total - Department of Justice				-	39,911
<u>Department of Transportation</u>					
Airport Improvement Program Aviation Grant Aviation Grant Aviation Grant	Direct Grant	20.106	3-18-0053-23-2013 3-18-0053-24-2015 3-18-0053-25-2016	- - -	22,409 566,459 31,611
Total - Airport Improvement Program				-	620,479
Highway Planning and Construction Cluster Highway Planning and Construction Signal Preemption Adams Street	Indiana Department of Transportation	20.205	DES1383612 DES1173225	- -	24,368 137,883
Total - Highway Planning and Construction Cluster				-	162,251
Federal Transit Cluster Bus and Bus Facilities Formula Program Transporation Bus Purchase	Indiana Department of Transportation	20.526	16810266	-	129,600
Total - Federal Transit Cluster				-	129,600
Highway Safety Cluster State and Community Highway Safety	Grant County	20.600	D3-16-10140	-	12,910
Alcohol Impaired Driving Countermeasures Incentive Grants I	Grant County	20.601	D3-16-10223	-	1,761
Total - Highway Safety Cluster				-	14,671
Formula Grants for Rural Areas Operating Assistance 2015 Operating Assistance 2016 Intercity Fare Rebate 2015 Intercity Fare Rebate 2016 Intercity Capital 2015 Intercity Capital 2016	Indiana Department of Transportation	20.509	15813637 16811998 15813719 16811994 15813712 16813227	- - - - - -	238,383 340,779 970 1,574 2,400 7,200
Total - Formula Grants for Rural Areas				-	591,306
Total - Department of Transportation				-	1,518,307
<u>Department of Energy</u>					
State Energy Program	Indiana Office of Energy Development	81.041	EE0006210	-	84,458
Total - Department of Energy				-	84,458
Total federal awards expended				\$ -	\$ 1,804,294

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, 2016. 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.

Note 3. Refund to Federal Aviation Administration

On January 3, 2018, the City refunded \$39,858 to the Federal Aviation Administration for environmental engineering assessment fees paid and reimbursed during 2015 that were deemed ineligible on Airport Improvement Program grant number 3-18-0053-24-2015. This same amount deemed ineligible was subsequently applied and reimbursed to the City for engineering fees paid on Airport Improvement Program grant number 3-18-0053-26-2017.

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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
20.106	Federal Transit Cluster Airport Improvement Program	Unmodified 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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is 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 2015-001

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

01/01/2015-12/31/2015
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
08/27/2018

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/>.