

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, 2017 to December 31, 2017



FILED
12/06/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
City Controller	Julie L. Flores	01-01-17 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	Adam Binkerd (Vacant) Cindy Cunningham Linda S. Wilk	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	01-01-17 to 12-31-17 01-01-18 to 12-31-18
Utilities Director	John C. Binkerd	01-01-17 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, 2017, 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, 2017.

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, 2017, 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



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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, 2017, 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

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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, 2017

Fund	Cash and Investments		Cash and Investments	
	01-01-17	Receipts	Disbursements	12-31-17
Reimbursable Fire Grant	\$ 150	\$ 121,900	\$ 121,900	\$ 150
General	1,008,339	27,301,585	26,995,351	1,314,573
Motor Vehicle Highway	198,993	2,437,972	2,161,322	475,643
Local Road and Street	15,753	302,566	217,848	100,471
Aviation	21,224	423,975	419,457	25,742
Park Non Reverting	93,789	473,853	558,117	9,525
Employees Flex Spend	59,103	97,313	105,545	50,871
Marion Economic Dev Comm	16,912	1,024	8,849	9,087
Blight Elimination Program	-	77,666	77,666	-
Parking Enforcement	25,539	31,196	35,888	20,847
INDOT In Dept of Trans	14,165	216,397	199,040	31,522
Abandoned Vehicles	6,251	14,182	14,906	5,527
Local Law Continuing Ed	98,419	19,679	15,774	102,324
Unsafe Building	16,033	210,174	153,137	73,070
Parks and Recreation	67,109	826,375	775,059	118,425
User Fee	42,398	4,728	-	47,126
Rainy Day	417,020	-	158,561	258,459
Fire Dept Canine	826	1,829	1,544	1,111
CEDIT	267,739	1,007,236	1,007,213	267,762
Tif Allocation	1,942,379	6,768,107	6,078,647	2,631,839
CCI	6,369	72,836	77,654	1,551
Cumulative Capital Dev	8,120	315,448	310,223	13,345
1925 Police Pension	46,966	1,047,720	999,797	94,889
1937 Fire Pension	(81,605)	1,458,820	1,418,628	(41,413)
County Share Clerk's Fees	1,164	10,421	10,091	1,494
LOIT Special Distribution (2016)	1,228,201	-	1,227,032	1,169
Wastewater Bond Reserves	608,513	-	-	608,513
City Clerk Checking Acct	132,188	332,335	352,533	111,990
Donation	500	-	-	500
Animal Control Non Revert	62,559	91,061	92,485	61,135
Reduce Drunk Driving	(5,087)	21,328	17,709	(1,468)
Fire Department Donations	14,262	15,480	11,697	18,045
Police Dept Donations	15,737	14,088	-	29,825
Environmental Public Nus	5,905	59,878	65,428	355
Signal Preemption Grant -engineering	15,175	45,974	59,260	1,889
Victim's Advocacy Grant	12,953	33,360	35,450	10,863
Group Gasoline	99,621	227,674	234,033	93,262
Public Works Scrapping	3,142	-	-	3,142
Supplement Adt Probation	1,056	-	386	670
Neighborhood Assoc Cont	37	-	-	37
PR - Allstate Cancer PT	-	348	348	-
IIRF	93,803	6,059	36	99,826
City Bond and Interest	-	346,761	313,192	33,569
Park Bond	353,694	241,645	392,194	203,145
Park District Refunding Bond Series 2014	771	-	-	771
COIT Refunding Bond 2014	12,203	-	-	12,203
Debt Service Bond Series B	581,000	-	505,091	75,909
Industrial Dev CREED	1,891,828	88,272	1,051,665	928,435
Airport Capital Improve	226,889	993,587	974,368	246,108
Justice Assistance Grant	331	-	-	331
Special Projects	55,243	-	2,967	52,276
COPS Grant	54,150	-	54,150	-
Insurance Series A 2016	275,200	-	121,033	154,167
Insurance Reserve	(2,981,702)	4,575,796	4,886,449	(3,292,355)
Excess Levy	3,264	-	-	3,264
Court Cost Due County	11,288	23,079	21,057	13,310
PR - Net	-	20,102	20,102	-
10PR - Federal	-	1,309,420	1,309,420	-
PR - FICA	-	408,274	408,274	-
PR - Medicare	-	272,437	272,437	-
PR - State	-	387,417	387,417	-
PR - County	-	208,652	208,652	-
PR - Civil PERF	-	9,295	9,295	-
PR - Voluntary PERF	-	93,729	93,729	-
PR - Direct Deposit	(1,215)	8,765,967	8,764,752	-

CITY OF MARION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
PR - Aflac Accident PT	-	6,483	6,483	-
PR - Aflac Cancer PT	-	3,216	3,216	-
PR - Aflac PRP PT	-	887	887	-
PR - Aflac Dental Employee	-	115,019	115,019	-
PR - Aflac Disability	-	6,759	6,759	-
PR - Aflac Life Ins	-	1,098	1,098	-
PR - Allstate Dental	-	557	557	-
PR - Allstate Life	-	521	521	-
PR - Flex Reimbursement	-	97,197	97,197	-
PR - Cincinnati Life Ins	-	2,040	2,040	-
PR - Transamerica	-	1,079	1,079	-
PR - Fire Union Dues	-	25,919	25,919	-
PR - Police Union Dues	-	19,176	19,176	-
PR - Transportation Union	-	5,713	5,713	-
PR - Street Union Dues	-	5,806	5,806	-
PR - YMCA Dues	-	18,864	18,864	-
PR - Chaplaincy Program	-	5,341	5,341	-
PR - Firefighters PAC	-	3,680	3,680	-
PR - United Way	-	2,014	2,014	-
PR - Credit Union	-	435,874	435,874	-
PR - Child Support Fee	-	594	594	-
PR - Misc Fees	-	21	21	-
PR - Child Support	-	93,158	93,158	-
PR - Delinquent Co Taxes	-	1,400	1,400	-
PR - IRS Levy	-	1,568	1,568	-
State An Child Sup Fee	-	275	275	-
COM-Vehicles	-	31,580	31,580	-
Grange Life Insurance	-	11,954	11,954	-
OneAmerica	-	67,207	67,207	-
Monumental Life	-	1,733	1,733	-
Liberty National	-	38,806	38,806	-
CAIC Accident	530	13,278	13,808	-
CAIC Critical Illness	447	10,682	11,129	-
Allstate: Critical Illness	-	362	362	-
City of Marion Health Ins	-	354,057	354,057	-
Employee Aircards	-	2,040	2,040	-
Petty Cash	200	-	-	200
Cash Change	200	1,500	1,500	200
Storm Water Operating	382,449	1,062,198	1,237,502	207,145
Storm Water Depreciation	34,732	244,398	92,396	186,734
Storm Water Depr Equip Res	144,255	279,983	-	424,238
Storm Water Bond Reserve	429,920	-	429,920	-
Storm Water Construction	438,917	431,948	121,995	748,870
Storm Water Bond and Interest	186,885	584,509	771,394	-
Wastewater Operation	425,893	3,242,034	3,443,540	224,387
Wastewater Customer Dep	232,206	59,340	48,607	242,939
Wastewater Depreciation	220,494	674,270	734,358	160,406
Wastewater Bond and Interest	1,496,565	574,791	1,586,209	485,147
Wastewater Long Term Control Plan	3,033,760	1,013,915	1,042,436	3,005,239
Wastewater Construction	522,188	388,408	588,073	322,523
Water Operating	389,220	3,436,070	3,390,012	435,278
Water Consumer Deposit	271,639	62,578	73,062	261,155
Water Depreciation	872,402	1,037,090	1,702,953	206,539
Water Quail Hollow	21,700	-	-	21,700
Water Construction	431,109	210,345	161,675	479,779
Wastewater H2O Community	7	4,352	4,109	250
Solid Waste Operating	380,890	1,268,945	1,390,182	259,653
Solid Waste Customer Deposits	47,119	52,703	24,658	75,164
Solid Waste Clearing - City	179,379	256,875	238,861	197,393
Solid Waste Depreciation	-	473,278	165,304	307,974
Totals	<u>\$ 17,207,770</u>	<u>\$ 78,580,508</u>	<u>\$ 82,450,539</u>	<u>\$ 13,337,739</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 nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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,

CITY OF MARION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

CITY OF MARION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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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, 2017

	Reimbursable Fire Grant	General	Motor Vehicle Highway	Local Road and Street	Aviation	Park Non Reverting
Cash and investments - beginning	\$ 150	\$ 1,008,339	\$ 198,993	\$ 15,753	\$ 21,224	\$ 93,789
Receipts:						
Taxes	-	16,659,472	954,480	-	288,392	-
Licenses and permits	-	112,470	3,845	-	-	-
Intergovernmental receipts	121,900	1,070,622	1,193,563	302,566	17,950	-
Charges for services	-	1,008,060	-	-	-	471,653
Fines and forfeits	-	64,003	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	8,386,958	286,084	-	117,633	2,200
Total receipts	121,900	27,301,585	2,437,972	302,566	423,975	473,853
Disbursements:						
Personal services	-	14,584,634	1,067,054	-	-	143,779
Supplies	-	468,888	426,560	-	2,144	324,538
Other services and charges	-	3,454,046	283,897	217,848	276,968	89,800
Debt service - principal and interest	-	6,087,892	263,298	-	119,505	-
Capital outlay	121,900	204,019	120,513	-	20,840	-
Other disbursements	-	2,195,872	-	-	-	-
Total disbursements	121,900	26,995,351	2,161,322	217,848	419,457	558,117
Excess (deficiency) of receipts over disbursements	-	306,234	276,650	84,718	4,518	(84,264)
Cash and investments - ending	\$ 150	\$ 1,314,573	\$ 475,643	\$ 100,471	\$ 25,742	\$ 9,525

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Employees Flex Spend	Marion Economic Dev Comm	Blight Elimination Program	Parking Enforcement	INDOT In Dept of Trans	Abandoned Vehicles
Cash and investments - beginning	\$ 59,103	\$ 16,912	\$ -	\$ 25,539	\$ 14,165	\$ 6,251
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	77,666	-	216,129	-
Charges for services	-	-	-	31,196	-	14,182
Fines and forfeits	-	150	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	97,313	874	-	-	268	-
Total receipts	97,313	1,024	77,666	31,196	216,397	14,182
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	77,666	35,888	-	14,906
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	199,040	-
Other disbursements	105,545	8,849	-	-	-	-
Total disbursements	105,545	8,849	77,666	35,888	199,040	14,906
Excess (deficiency) of receipts over disbursements	(8,232)	(7,825)	-	(4,692)	17,357	(724)
Cash and investments - ending	\$ 50,871	\$ 9,087	\$ -	\$ 20,847	\$ 31,522	\$ 5,527

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Local Law Continuing Ed	Unsafe Building	Parks and Recreation	User Fee	Rainy Day	Fire Dept Canine
Cash and investments - beginning	\$ 98,419	\$ 16,033	\$ 67,109	\$ 42,398	\$ 417,020	\$ 826
Receipts:						
Taxes	-	-	589,806	-	-	-
Licenses and permits	11,020	-	-	-	-	-
Intergovernmental receipts	-	-	36,732	-	-	-
Charges for services	4,030	-	138	4,728	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	4,629	210,174	199,699	-	-	1,829
Total receipts	19,679	210,174	826,375	4,728	-	1,829
Disbursements:						
Personal services	-	-	412,949	-	-	-
Supplies	-	-	34,531	-	-	-
Other services and charges	4,915	153,137	124,703	-	25,356	-
Debt service - principal and interest	-	-	202,876	-	-	-
Capital outlay	10,859	-	-	-	-	-
Other disbursements	-	-	-	-	133,205	1,544
Total disbursements	15,774	153,137	775,059	-	158,561	1,544
Excess (deficiency) of receipts over disbursements	3,905	57,037	51,316	4,728	(158,561)	285
Cash and investments - ending	\$ 102,324	\$ 73,070	\$ 118,425	\$ 47,126	\$ 258,459	\$ 1,111

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	CEDIT	Tif Allocation	CCI	Cumulative Capital Dev	1925 Police Pension	1937 Fire Pension
Cash and investments - beginning	\$ 267,739	\$ 1,942,379	\$ 6,369	\$ 8,120	\$ 46,966	\$ (81,605)
Receipts:						
Taxes	1,007,236	6,765,895	-	221,168	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	72,836	13,785	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	2,212	-	80,495	1,047,720	1,458,820
Total receipts	<u>1,007,236</u>	<u>6,768,107</u>	<u>72,836</u>	<u>315,448</u>	<u>1,047,720</u>	<u>1,458,820</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,007,213	5,286,782	-	91,733	999,797	1,418,628
Debt service - principal and interest	-	791,865	-	216,731	-	-
Capital outlay	-	-	77,654	1,759	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,007,213</u>	<u>6,078,647</u>	<u>77,654</u>	<u>310,223</u>	<u>999,797</u>	<u>1,418,628</u>
Excess (deficiency) of receipts over disbursements	<u>23</u>	<u>689,460</u>	<u>(4,818)</u>	<u>5,225</u>	<u>47,923</u>	<u>40,192</u>
Cash and investments - ending	<u>\$ 267,762</u>	<u>\$ 2,631,839</u>	<u>\$ 1,551</u>	<u>\$ 13,345</u>	<u>\$ 94,889</u>	<u>\$ (41,413)</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	County Share Clerk's Fees	LOIT Special Distribution (2016)	Wastewater Bond Reserves	City Clerk Checking Acct	Donation	Animal Control Non Revert
Cash and investments - beginning	\$ 1,164	\$ 1,228,201	\$ 608,513	\$ 132,188	\$ 500	\$ 62,559
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	10,421	-	-	332,335	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	91,061
Total receipts	10,421	-	-	332,335	-	91,061
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	36,265
Other services and charges	-	-	-	-	-	56,220
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	10,091	1,227,032	-	352,533	-	-
Total disbursements	10,091	1,227,032	-	352,533	-	92,485
Excess (deficiency) of receipts over disbursements	330	(1,227,032)	-	(20,198)	-	(1,424)
Cash and investments - ending	\$ 1,494	\$ 1,169	\$ 608,513	\$ 111,990	\$ 500	\$ 61,135

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Reduce Drunk Driving	Fire Department Donations	Police Dept Donations	Environmental Public Nus	Signal Preemption Grant -engineering	Victim's Advocacy Grant
Cash and investments - beginning	\$ (5,087)	\$ 14,262	\$ 15,737	\$ 5,905	\$ 15,175	\$ 12,953
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	21,328	-	4,038	-	22,076	33,360
Charges for services	-	4,690	-	59,878	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	10,790	10,050	-	23,898	-
Total receipts	21,328	15,480	14,088	59,878	45,974	33,360
Disbursements:						
Personal services	17,709	-	-	-	-	35,450
Supplies	-	-	-	-	-	-
Other services and charges	-	508	-	65,428	59,260	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	11,189	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	17,709	11,697	-	65,428	59,260	35,450
Excess (deficiency) of receipts over disbursements	3,619	3,783	14,088	(5,550)	(13,286)	(2,090)
Cash and investments - ending	\$ (1,468)	\$ 18,045	\$ 29,825	\$ 355	\$ 1,889	\$ 10,863

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Group Gasoline	Public Works Scrapping	Supplement Adt Probation	Neighborhood Assoc Cont	PR - Allstate Cancer PT	IIRF
Cash and investments - beginning	\$ 99,621	\$ 3,142	\$ 1,056	\$ 37	\$ -	\$ 93,803
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	5,500
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	227,674	-	-	-	348	559
Total receipts	227,674	-	-	-	348	6,059
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	234,033	-	386	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	348	36
Total disbursements	234,033	-	386	-	348	36
Excess (deficiency) of receipts over disbursements	(6,359)	-	(386)	-	-	6,023
Cash and investments - ending	\$ 93,262	\$ 3,142	\$ 670	\$ 37	\$ -	\$ 99,826

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	City Bond and Interest	Park Bond	Park District Refunding Bond Series 2014	COIT Refunding Bond 2014	Debt Service Bond Series B	Industrial Dev CREED
Cash and investments - beginning	\$ -	\$ 353,694	\$ 771	\$ 12,203	\$ 581,000	\$ 1,891,828
Receipts:						
Taxes	245,895	225,584	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	12,744	11,703	-	-	-	88,272
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	88,122	4,358	-	-	-	-
Total receipts	<u>346,761</u>	<u>241,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,272</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	322,393
Debt service - principal and interest	313,192	392,194	-	-	-	729,272
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	505,091	-
Total disbursements	<u>313,192</u>	<u>392,194</u>	<u>-</u>	<u>-</u>	<u>505,091</u>	<u>1,051,665</u>
Excess (deficiency) of receipts over disbursements	<u>33,569</u>	<u>(150,549)</u>	<u>-</u>	<u>-</u>	<u>(505,091)</u>	<u>(963,393)</u>
Cash and investments - ending	<u>\$ 33,569</u>	<u>\$ 203,145</u>	<u>\$ 771</u>	<u>\$ 12,203</u>	<u>\$ 75,909</u>	<u>\$ 928,435</u>

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Airport Capital Improve	Justice Assistance Grant	Special Projects	COPS Grant	Insurance Series A 2016	Insurance Reserve
Cash and investments - beginning	\$ 226,889	\$ 331	\$ 55,243	\$ 54,150	\$ 275,200	\$ (2,981,702)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	886,923	-	-	-	-	-
Charges for services	105,044	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,620	-	-	-	-	4,575,796
Total receipts	993,587	-	-	-	-	4,575,796
Disbursements:						
Personal services	-	-	-	54,150	-	3,955,047
Supplies	-	-	-	-	-	-
Other services and charges	-	-	2,967	-	-	931,402
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	974,368	-	-	-	-	-
Other disbursements	-	-	-	-	121,033	-
Total disbursements	974,368	-	2,967	54,150	121,033	4,886,449
Excess (deficiency) of receipts over disbursements	19,219	-	(2,967)	(54,150)	(121,033)	(310,653)
Cash and investments - ending	\$ 246,108	\$ 331	\$ 52,276	\$ -	\$ 154,167	\$ (3,292,355)

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Excess Levy	Court Cost Due County	PR - Net	10PR - Federal	PR - FICA	PR - Medicare
Cash and investments - beginning	\$ 3,264	\$ 11,288	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	23,079	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	20,102	1,309,420	408,274	272,437
Total receipts	-	23,079	20,102	1,309,420	408,274	272,437
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	21,057	20,102	1,309,420	408,274	272,437
Total disbursements	-	21,057	20,102	1,309,420	408,274	272,437
Excess (deficiency) of receipts over disbursements	-	2,022	-	-	-	-
Cash and investments - ending	\$ 3,264	\$ 13,310	\$ -	\$ -	\$ -	\$ -

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	PR - State	PR - County	PR - Civil PERF	PR - Voluntary PERF	PR - Direct Deposit	PR - Aflac Accident PT
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (1,215)	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	387,417	208,652	9,295	93,729	8,765,967	6,483
Total receipts	<u>387,417</u>	<u>208,652</u>	<u>9,295</u>	<u>93,729</u>	<u>8,765,967</u>	<u>6,483</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	387,417	208,652	9,295	93,729	8,764,752	6,483
Total disbursements	<u>387,417</u>	<u>208,652</u>	<u>9,295</u>	<u>93,729</u>	<u>8,764,752</u>	<u>6,483</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	1,215	-
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, 2017

	PR - Aflac Cancer PT	PR - Aflac PRP PT	PR - Aflac Dental Employee	PR - Aflac Disability	PR - Aflac Life Ins	PR - Allstate Dental
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,216	887	115,019	6,759	1,098	557
Total receipts	3,216	887	115,019	6,759	1,098	557
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	3,216	887	115,019	6,759	1,098	557
Total disbursements	3,216	887	115,019	6,759	1,098	557
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, 2017

	PR - Allstate Life	PR - Flex Reimbursement	PR - Cincinnati Life Ins	PR - Transamerica	PR - Fire Union Dues	PR - Police Union Dues
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	521	97,197	2,040	1,079	25,919	19,176
Total receipts	521	97,197	2,040	1,079	25,919	19,176
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	521	97,197	2,040	1,079	25,919	19,176
Total disbursements	521	97,197	2,040	1,079	25,919	19,176
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, 2017

	PR - Transportation Union	PR - Street Union Dues	PR - YMCA Dues	PR - Chaplaincy Program	PR - Firefighters PAC	PR - United Way
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	5,713	5,806	18,864	5,341	3,680	2,014
Total receipts	5,713	5,806	18,864	5,341	3,680	2,014
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	5,713	5,806	18,864	5,341	3,680	2,014
Total disbursements	5,713	5,806	18,864	5,341	3,680	2,014
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, 2017

	PR - Credit Union	PR - Child Support Fee	PR - Misc Fees	PR - Child Support	PR - Delinquent Co Taxes	PR - IRS Levy
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	435,874	594	21	93,158	1,400	1,568
Total receipts	<u>435,874</u>	<u>594</u>	<u>21</u>	<u>93,158</u>	<u>1,400</u>	<u>1,568</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	435,874	594	21	93,158	1,400	1,568
Total disbursements	<u>435,874</u>	<u>594</u>	<u>21</u>	<u>93,158</u>	<u>1,400</u>	<u>1,568</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, 2017

	State An Child Sup Fee	COM-Vehicles	Grange Life Insurance	OneAmerica	Monumental Life	Liberty National
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	275	31,580	11,954	67,207	1,733	38,806
Total receipts	<u>275</u>	<u>31,580</u>	<u>11,954</u>	<u>67,207</u>	<u>1,733</u>	<u>38,806</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	275	31,580	11,954	67,207	1,733	38,806
Total disbursements	<u>275</u>	<u>31,580</u>	<u>11,954</u>	<u>67,207</u>	<u>1,733</u>	<u>38,806</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, 2017

	CAIC Accident	CAIC Critical Illness	Allstate: Critical Illness	City of Marion Health Ins	Employee Aircards	Petty Cash
Cash and investments - beginning	\$ 530	\$ 447	\$ -	\$ -	\$ -	\$ 200
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	13,278	10,682	362	354,057	2,040	-
Total receipts	13,278	10,682	362	354,057	2,040	-
Disbursements:						
Personal services	-	-	362	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	13,808	11,129	-	354,057	2,040	-
Total disbursements	13,808	11,129	362	354,057	2,040	-
Excess (deficiency) of receipts over disbursements	(530)	(447)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Cash Change	Storm Water Operating	Storm Water Depreciation	Storm Water Depr Equip Res	Storm Water Bond Reserve	Storm Water Construction
Cash and investments - beginning	\$ 200	\$ 382,449	\$ 34,732	\$ 144,255	\$ 429,920	\$ 438,917
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	1,062,198	-	-	-	-
Other receipts	1,500	-	244,398	279,983	-	431,948
Total receipts	1,500	1,062,198	244,398	279,983	-	431,948
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,500	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	1,237,502	92,396	-	429,920	121,995
Total disbursements	1,500	1,237,502	92,396	-	429,920	121,995
Excess (deficiency) of receipts over disbursements	-	(175,304)	152,002	279,983	(429,920)	309,953
Cash and investments - ending	\$ 200	\$ 207,145	\$ 186,734	\$ 424,238	\$ -	\$ 748,870

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Storm Water Bond and Interest	Wastewater Operation	Wastewater Customer Dep	Wastewater Depreciation	Wastewater Bond and Interest	Wastewater Long Term Control Plan
Cash and investments - beginning	\$ 186,885	\$ 425,893	\$ 232,206	\$ 220,494	\$ 1,496,565	\$ 3,033,760
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	3,242,034	-	-	-	1,013,915
Other receipts	584,509	-	59,340	674,270	574,791	-
Total receipts	584,509	3,242,034	59,340	674,270	574,791	1,013,915
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	771,394	3,443,540	48,607	734,358	1,586,209	1,042,436
Total disbursements	771,394	3,443,540	48,607	734,358	1,586,209	1,042,436
Excess (deficiency) of receipts over disbursements	(186,885)	(201,506)	10,733	(60,088)	(1,011,418)	(28,521)
Cash and investments - ending	\$ -	\$ 224,387	\$ 242,939	\$ 160,406	\$ 485,147	\$ 3,005,239

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Wastewater Construction	Water Operating	Water Consumer Deposit	Water Depreciation	Water Quail Hollow	Water Construction
Cash and investments - beginning	\$ 522,188	\$ 389,220	\$ 271,639	\$ 872,402	\$ 21,700	\$ 431,109
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	3,436,070	-	-	-	-
Other receipts	388,408	-	62,578	1,037,090	-	210,345
Total receipts	388,408	3,436,070	62,578	1,037,090	-	210,345
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	588,073	3,390,012	73,062	1,702,953	-	161,675
Total disbursements	588,073	3,390,012	73,062	1,702,953	-	161,675
Excess (deficiency) of receipts over disbursements	(199,665)	46,058	(10,484)	(665,863)	-	48,670
Cash and investments - ending	\$ 322,523	\$ 435,278	\$ 261,155	\$ 206,539	\$ 21,700	\$ 479,779

CITY OF MARION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Wastewater H2O Community	Solid Waste Operating	Solid Waste Customer Deposits	Solid Waste Clearing - City	Solid Waste Depreciation	Totals
Cash and investments - beginning	\$ 7	\$ 380,890	\$ 47,119	\$ 179,379	\$ -	\$ 17,207,770
Receipts:						
Taxes	-	-	-	-	-	26,957,928
Licenses and permits	-	-	-	-	-	127,335
Intergovernmental receipts	-	-	-	-	-	4,204,193
Charges for services	-	1,268,945	-	256,875	473,278	3,708,197
Fines and forfeits	-	-	-	-	-	429,988
Utility fees	-	-	-	-	-	8,754,217
Other receipts	4,352	-	52,703	-	-	34,398,650
Total receipts	4,352	1,268,945	52,703	256,875	473,278	78,580,508
Disbursements:						
Personal services	-	-	-	-	-	20,271,134
Supplies	-	-	-	-	-	1,527,345
Other services and charges	-	-	-	-	-	15,002,961
Debt service - principal and interest	-	-	-	-	-	9,116,825
Capital outlay	-	1,390,182	-	-	-	3,132,323
Other disbursements	4,109	-	24,658	238,861	165,304	33,399,951
Total disbursements	4,109	1,390,182	24,658	238,861	165,304	82,450,539
Excess (deficiency) of receipts over disbursements	243	(121,237)	28,045	18,014	307,974	(3,870,031)
Cash and investments - ending	\$ 250	\$ 259,653	\$ 75,164	\$ 197,393	\$ 307,974	\$ 13,337,739

CITY OF MARION
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Trash	\$ 4,301	\$ 196,787
Governmental activities	1,359,474	-
Storm Water	-	543,666
Wastewater	5,654	570,428
Water	<u>378</u>	<u>471,233</u>
Totals	<u>\$ 1,369,807</u>	<u>\$ 1,782,114</u>

CITY OF MARION
SCHEDULE OF LEASES AND DEBT
December 31, 2017

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	<u>5,512</u>	4/23/2016	4/23/2020
Total governmental activities		<u>252,409</u>		
City of Marion Municipal Utilities:				
Solid Waste Utility	Solid Waste Equipment - 2016	163,213	2/29/2016	3/1/2026
Solid Waste Utility	Solid Waste Equipment - 2017	<u>73,889</u>	9/18/2017	3/1/2027
Total Marion Municipal Utilities		<u>237,102</u>		
Total of annual lease payments		<u>\$ 489,511</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Taxable Bonds of 2016, Series A	\$ 1,900,000	\$ 163,550
General obligation bonds	Taxable Bonds of 2016, Series B	670,000	54,388
General obligation bonds	Park District Refunding Bonds of 2014	3,050,000	388,740
General obligation bonds	Redevelopment District County Option Income Tax Revenue Refunding Bonds of 2014	3,995,000	443,050
General obligation bonds	Redevelopment District Refunding Bonds Series 2011	2,335,000	729,845
Notes and loans payable	2015 Aviation Loan	186,407	26,372
Notes and loans payable	2012 and 2013 Loan	<u>1,700,000</u>	<u>1,700,000</u>
Total governmental activities		<u>13,836,407</u>	<u>3,505,945</u>
Wastewater:			
Revenue bonds	Sewage Revenue Bond 2015	<u>8,275,000</u>	<u>466,731</u>
Totals		<u>\$ 22,111,407</u>	<u>\$ 3,972,676</u>

CITY OF MARION
SCHEDULE OF CAPITAL ASSETS
December 31, 2017

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	8,040,081
Improvements other than buildings	1,576,492
Machinery, equipment, and vehicles	8,264,994
Construction in progress	<u>500</u>
Total governmental activities	<u>39,749,976</u>
Storm Water:	
Infrastructure	16,683,937
Buildings	59,859
Machinery, equipment, and vehicles	1,544,761
Construction in progress	<u>58</u>
Total Storm Water	<u>18,288,615</u>
Wastewater:	
Land	28,535
Infrastructure	29,257,637
Buildings	24,815,973
Machinery, equipment, and vehicles	6,423,434
Construction in progress	<u>1,720,257</u>
Total Wastewater	<u>62,245,836</u>
Water:	
Land	340,174
Infrastructure	36,969,671
Buildings	14,582,099
Machinery, equipment, and vehicles	<u>2,886,432</u>
Total Water	<u>54,778,376</u>
Trash:	
Machinery, equipment, and vehicles	<u>2,020,707</u>
Total capital assets	<u>\$ 177,083,510</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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, 2017. 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, 2017.

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

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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, 2017

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 Justice</u>					
Crime Victim Assistance Victims Advocacy Grant	Indiana Criminal Justice Institute	16.575	D3-17-11476	\$ -	\$ 33,360
Bulletproof Vest Partnership Program	Direct Grant	16.607	FY 2015	-	4,038
Total - Department of Justice				-	37,398
<u>Department of Transportation</u>					
Airport Improvement Program Aviation Grant Aviation Grant	Direct Grant	20.106	3-18-0053-25-2016 3-18-0053-26-2017	- -	763,022 92,167
Total - Airport Improvement Program				-	855,189
Highway Planning and Construction Cluster Highway Planning and Construction Signal Preemption Adams Street	Indiana Department of Transportation	20.205	DES1383612 DES1173225	- -	35,973 19,700
Total - Highway Planning and Construction				-	55,673
Total - Highway Planning and Construction Cluster				-	55,673
Federal Transit Cluster Bus and Bus Facilities Formula Program Transporation Bus Purchase	Indiana Department of Transportation	20.526	17813153	-	172,480
Total - Federal Transit Cluster				-	172,480
Highway Safety Cluster State and Community Highway Safety	Grant County	20.600	D3-17-11078	-	20,228
Alcohol Impaired Driving Countermeasures Incentive Grants I	Grant County	20.601	D3-17-11168	-	1,100
Total - Highway Safety Cluster				-	21,328
Formula Grants for Rural Areas Intercity Fare Rebate 2016 Operating Assistance 2016 Intercity Capital 2016 Operating Assistance 2017 Intercity Fare Rebate 2017 Intercity Capital 2017	Indiana Department of Transportation	20.509	16811994 16811998 16813227 17811407 17811513 17811516	- - - - - -	399 134,951 2,400 433,931 1,839 7,200
Total - Formula Grants for Rural Areas				-	580,720
Total - Department of Transportation				-	1,685,390
<u>Department of Energy</u>					
State Energy Program	Indiana Office of Energy Development	81.041	EE0006210	-	67,270
Total - Department of Energy				-	67,270
<u>Department of Homeland Security</u>					
Assistance to Firefighters Grant Fire Grant	Direct Grant	97.044	EMW-2015-FO-06205	-	121,900
Total - Department of Homeland Security				-	121,900
Total federal awards expended				\$ -	\$ 1,911,958

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, 2017. 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 program:	
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 Program and type of auditor's report issued on compliance for it:

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

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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/>.